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The Associated Press

Vote in Japan May Decide Nakasone's Fate

Prime Minister Yasuhiro Nakasone of Japan at his official residence in Tokyo on Sunday as voters turned out in heavy numbers in elections for Japan's parliament, the Diet. Shortly before the polls closed, the Home Affairs Ministry put the turnout at 65.96 percent. Analysts said the heavy vote could help Mr. Nakasone in his bid to win a majority and remain in power after October. Page 2.

Marcos Backers Set Up Alternate Government in Manila Hotel

By Mark Fineman
Los Angeles Times Service

MANILA — A leading supporter of former President Ferdinand E. Marcos proclaimed himself acting president of the Philippines on Sunday and, with the backing of about 300 rebellious troops, commandeered the luxurious Manila Hotel as his "official seat of government."

Former Foreign Minister Arturo Tolentino, 75, took an "oath of office" in the driveway of the hotel, vowing to govern until Mr. Marcos could be restored to the presidency. He added that he was acting on instructions from Mr. Marcos, who lives in exile in Hawaii.

As part of his act of defiance against President Corazon C. Aquino's government, Mr. Tolentino, who was Mr. Marcos's vice presidential running mate in February's elections, announced formation of a cabinet that included Mrs. Aquino's defense minister, Juan Ponce Enrile.

But Mr. Enrile, who led the coup that drove Mr. Marcos into exile Feb. 25, said Sunday night that he remained loyal to Mrs. Aquino.

"Don't panic," he said. "I don't need another job."

Mrs. Aquino, on a two-day trip to the southern island of Mindanao, said she remained firmly in control of the government. She also asked her troops to use "maximum tolerance" toward the Marcos partisans. She said that criminal charges would be filed against Mr. Tolentino.

[Early Monday, about 12 hours after the revolt began, about 200 of the estimated 300 soldiers with Mr. Tolentino surrendered to troops loyal to Mrs. Aquino, a military spokesman said on government radio, The Associated Press reported from Manila.

[Eight armored personnel carriers quickly moved into a park near the Manila Hotel in what the military said was intended to secure the building where Mr. Tolentino remained with the remaining rebel troops.

[It was not known exactly how many soldiers still backed Mr. Tolentino, but reporters said they counted fewer than 100 left at the hotel.]

Only a few thousand civilians had held an all-night vigil Sunday night outside the Manila Hotel, singing folk songs and shouting slogans against Mrs. Aquino.

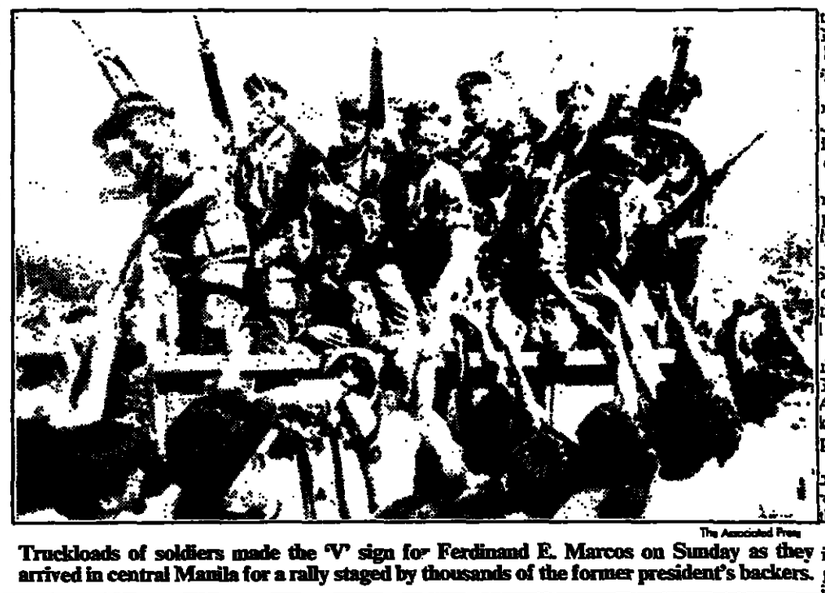
Unlike the February coup, which was joined by the then-deputy military chief of staff, Fidel V. Ramos, the Marcos loyalists in Sunday's incident included only four gener-

See MANILA, Page 8

Critics say actions of the Aquino anti-corruption commission recall the Marcos regime. Page 8.

Reuters

Arturo Tolentino being sworn in as acting president Sunday in defiance of the government.



The Associated Press

Truckloads of soldiers made the 'V' sign for Ferdinand E. Marcos on Sunday as they arrived in central Manila for a rally staged by thousands of the former president's backers.

South Africa Reports Gun Squad Killings

New York Times Service

JOHANNESBURG — Anti-government gunmen armed with Soviet-designed AK-47 assault rifles shot dead five black municipal officials Saturday, the authorities said.

Two of the assailants, reportedly attacking segregated black townships in search of targets, were killed by the police after a high-speed car chase, the government's Bureau for Information said.

The attacks seemed to be one of the most audacious guerrilla assaults on black supporters of government authority since the current cycle of unrest began in September 1984.

The battles appeared to represent a stepping up of urban guerrilla warfare in South Africa after a series of bomb attacks, mainly in white areas.

There was no independent corroboration of the gun battle from independent sources, reflecting restrictions on news under the nation's newest emergency decree. Under the decree, it is unlawful to publish unauthorized reports of police or military activities anywhere in country.

The Bureau for Information is the sole source of authorized news under the decree.

The bureau said two other blacks had been killed in unrelated incidents. The total of nine dead in a 24-hour period was one of the highest since the state of emergency was declared June 12.

[A bureau statement Sunday said there were no deaths in the 24-hour period ending Sunday morning and that damage from violent incidents such as stone-throwing and robbery was minimal, Reuters reported from Johannesburg.]

The latest killings of black officials, as reported by the government, seemed to represent a departure from previous tactics, suggesting that armed urban guerrillas were now ready to ambush government targets.

Since September 1984, about 2,000 people, most of them black, have died in political violence and protest. By official counts, at least 500 of them have been black officials considered by militants to be collaborators with white rule.

Until Saturday, there had been no previous reports of gunmen seeking out black adversaries in such a concerted manner.

Most of the black officials killed since September 1984 have been victims of crowds of people using crude weapons such as gasoline bombs rather than squads armed with automatic weapons.

The Bureau for Information said the attackers had cruised two black townships south of Johannesburg in a white sedan, opening fire on government vehicles. The townships were identified as Vosloosrus and Katlehong.

In the first attack at Vosloosrus, the bureau said, occupants of the sedan opened fire on a government vehicle, killing two black officials and wounding three others.

In nearby Katlehong 90 minutes later, it said, men in the same car opened fire on local black officials and killed three of them. Nine other government officials were reported wounded.

When the police pursued the car at high speed, the bureau said, two of the attackers were shot dead and a third escaped. A magazine from an AK-47 assault rifle, which is commonly used by the outlawed and exiled African National Congress, was found in the sedan.

The suggestion behind both the township gun battles and the bombings in white areas, analysts said, seemed to be that the government's armed opponents wished to show themselves undaunted by the emergency decree or by the military power of the state.

The bureau also said that security forces had killed a 19-year-old black man in Soweto, Johannesburg's black satellite, and that a black man had been found burned to death east of the city.

Since the start of the emergency, the authorities have reported 13 bomb attacks, which have killed 3 people and wounded 120, many of them whites. At least 110 people, most of them black, have been killed since the state of emergency was imposed.

Howe Mission to Pretoria Is in Doubt

Reuters

LONDON — A planned European Community mission to South Africa by Britain's foreign secretary, Sir Geoffrey Howe, has run into serious trouble over the failure to arrange a meeting with President Pieter W. Botha, diplomatic sources said Sunday.

The sources indicated that Sir Geoffrey might consider postponing his mission, originally planned for this week, unless there was a breakthrough on arranging talks with Mr. Botha.

Britain was continuing diplomatic efforts to set up the meeting in the face of protestations from Pretoria that Mr. Botha had a crowded schedule, the sources said. But the Foreign Office in London, a spokesman said Mr. Botha had said he would meet Sir Geoffrey some time in July. He said the Foreign Office was trying to establish an exact date.

"If the British have no luck with Botha, Howe will have to decide if it's worth going," a source said. "That is a decision only he can take."

The EC mission was the idea of Prime Minister Margaret Thatcher, who has argued that persuasion, and not economic sanctions, could end apartheid.

Sir Geoffrey's brief is to start a dialogue between the white minority rulers and the black majority.

British sources said the plan was for a short trip this week, principally to talk to Mr. Botha and his government and to see an imprisoned nationalist leader, Nelson Mandela, and a longer visit at the end of the month.

Bishop Desmond Tutu, the 1984 Nobel Peace Prize winner, said Saturday that he and other black nationalist leaders would not see Sir Geoffrey this week. Diplomatic sources said Britain appeared to be unconcerned by their refusal because such talks were not the purpose of the initial visit.

A source said, "The object is to tell the whites: 'This really is it. This is your opportunity. Take it or you really are in trouble.' But the meeting with Botha is a key problem which has still to be sorted out."

Nicaraguan Guerrillas Are Bracing for Battle

By James LeMoyne
New York Times Service

TEGUCIGALPA, Honduras — Among Nicaraguan guerrillas, in their border bases and hidden bunkers, there is a prickly sense of preparing for war. With American aid coming, the battles that lie ahead seem to be approaching with speed.

The signs that fighting will come soon are all around. Two guerrilla leaders, Adolfo Calero Portocarrero and Arturo José Cruz, flew to Honduras last week to discuss with other rebel officials how to use the millions of dollars in American contributions and training that the House of Representatives has approved.

There were also celebrations of joy at having finally won the vote in the House for renewed American assistance.

In a rebel camp, pallets stacked with ammunition cases, food and supplies lay arranged in row after row, rigged with parachutes and ready to be loaded onto cargo planes that are to drop the supplies to rebel patrols deep inside Nicaragua.

Meanwhile, rebel commanders continue to discuss what weapons and supplies they would order. In a room behind a door, a group of young guerrillas studied aircraft maintenance, while on the rain-drenched field outside recruits practiced knee drills and sang battle songs.

No reporter was allowed to visit the rebel base on the condition that the location not be disclosed.

"We have survived even without American aid," said a rebel commander who would identify himself only as Ciro. "But the Sandinists also have had time to grow stronger. Now we must fight even harder in order to recover what we lost when American aid was cut off two years ago."

American military aid to the rebels was ended by Congress in 1984. But on June 25, after lobbying by President Ronald Reagan, the House approved a plan to provide $70 million in military aid and $30 million in nonmilitary aid in three installments, with the first weapons to reach the rebels starting Sept. 1. The Senate has not voted on the plan, but its approval is expected.

On the wall behind his desk, Ciro has pinned a clipping of a newspaper article listing how each representative voted June 25. "I want to remember who was for us and who was against us," he said.

A giant map of Nicaragua, etched with symbols representing Sandinist military bases, radar stations and airstrips, dominated Ciro's small office. Near the Costa Rican border in the south, and in the central mountains of the provinces of Matagalpa and Boaco, stood rows of colored tacks representing rebel units to be supplied by air drop.

In Tegucigalpa, the Honduran capital, American and Honduran officials talk of the expanding role they expect the Central Intelligence

See CONTRAS, Page 8

INSIDE

Robert Daer/The Associated Press

Boris Becker of West Germany kissed his trophy Sunday after beating Ivan Lendl of Czechoslovakia, 6-4, 6-3, 7-5, to win the men's singles title at Wimbledon. Page 6.

GENERAL NEWS

■ Malaysia turned down a last-minute appeal to spare the lives of two Australians convicted of drug trafficking. Page 2.

■ Pope John Paul II denounced Nicaragua's expulsion of a Roman Catholic bishop. Page 5.

BUSINESS/FINANCE

■ China devalued its currency by a record 15.8 percent against the major currencies. Page 15.

■ U.S. economic activity slowed in June, a monthly business survey reported. Page 15.

SPECIAL REPORT

■ The London Stock Exchange is gearing up for 'Big Bang' on Oct. 27, when the market is deregulated. Page 9.

Marching Season: A Test of Ulster Accord

By Joseph Lelyveld
New York Times Service

LONDON — A century ago, a British government led by William Gladstone fell because it tried to establish a political arrangement in Ireland over the protests of Protestants in the island's northern counties.

Now, for the first time since then, the Protestants in Northern Ireland confront a political arrangement that seems invulnerable to their fury.

That, at least, is the confident assertion of government ministers, officials and diplomats in London, Dublin and Belfast as they brace themselves for the start of the "marching season," when the threat of sectarian violence in Britain's Irish province is always most acute.

This is the time when the majority of Northern Ireland's residents drape their towns with the red, white and blue of the Union Flag and stage parades to commemorate the victory of King William of Orange at the Battle of the Boyne in 1690 and to celebrate being both Protestant and British.

This summer, the 18th since the present run of Northern Ireland "troubles" began, is expected to be an especially difficult testing time as Protestant residents vent their outrage and frustration against the accord reached nearly eight months ago by the British and Irish governments. The Anglo-Irish accord, as it is called, was decided over the Protestants' heads and against their direst warnings.

Ian Paisley

Under the arrangement, the authorities in Dublin get, for the first time since Ireland's partition in 1920, an official presence and formal consultative role in Northern Ireland as guardians of the interests of the province's Roman Catholic minority. In exchange, Dublin sacrificed a hallowed tenet of the nationalist faith by formally acknowledging that Ireland's unity could be achieved only with the consent of the majority in the northern six counties.

The North's Protestants, most of whom call themselves loyalists or Unionists because they want Northern Ireland to remain part of Britain, have expressed their loyalty in ways that seem contradictory to anyone not steeped in a tradition of Protestant militancy that first appeared as an organized movement in Northern Ireland at the end of the 18th century: They are boycotting the institutions, ministers and officials of the British crown.

The boycotts, which have stopped short of a general strike like the one in 1975 that destroyed an earlier attempt at bringing Dublin into the North's affairs, still have effectively blocked attempts at political change through a negotiated understanding. An internal settlement along those lines in the province is a basic aim of what British and Irish officials like to call the new "framework."

"We have slowly and deliberately withdrawn our consent from being governed by Westminster," said the Reverend Ian Paisley, for two decades the personification of Protestant militancy in the North.

"I think the agreement is nowhere," he said in an interview recently at Stormont, the imposing, imperial-style seat of government on a hilltop outside Belfast. "It has not produced for the nationalist community what it was designed to produce."

Yet a week ago, when he was hauled out of Stormont as he and his followers were staging what amounted to a sit-in to protest a British decision to shut down the provincial assembly, Mr. Paisley's professed strategy of lawful and measured protest appeared to fall apart in an eruption of fulminations against the Royal Ulster Constabulary, the provincial police.

"Don't come crying to me if your homes are attacked," the Presbyterian cleric raged at the officers who had just deposited him in an undignified sprawl on Stormont's granite steps. The remark was widely condemned as an incitement to the youths and members of shadowy Protestant paramilitary movements who appear to have been responsible for a spate of attacks in the spring on the homes of Protestant police families.

Such attacks were calculated to make the constabulary undependable in any role of upholding the London-Dublin accord. But the assaults upset and confused middle-class Protestants who had seen the police as their shield against the

See IRISH, Page 8

Major U.S. Airports Report Tighter Security

By Ralph Blumenthal
New York Times Service

NEW YORK — Major airports in the United States are entering the peak summer travel season with a range of stepped-up security measures designed to thwart terrorist attacks.

The measures have in some cases slowed passenger departures and worsened congestion, according to spot checks and interviews around the country. In other cases, the security shield may be less formidable than officially portrayed. But skepticism and grumbling apart, many travelers welcome the heightened vigilance.

Among the new measures, commonly financed with recent $5-a-ticket "security surcharges" levied by the airlines, are the following:

● At Kennedy International Airport in New York and other main airports, Trans World Airlines and Pan American World Airways announced enhanced security programs involving upgraded staffs and tighter baggage controls, among other things.

● Officials at Boston's Logan Airport opened a communications link to Scotland Yard's anti-terrorism unit and tested one of the first screening machines able to detect plastic as well as metal weapons.

● At Dallas-Fort Worth Airport in Texas, American Airlines requires international passengers to answer four questions on a form to determine whether anyone could have secretly planted a bomb in their baggage.

● At O'Hare International Airport in Chicago, the target of disclosures about security lapses last fall, officials have tightened access to the ramp areas and stepped up screening of newsstand vendors and other employees.

Such measures have affected airport congestion. International passengers are now commonly told to check in 90 minutes to two hours before takeoff, to allow for screening delays.

As another precaution, luggage is no longer checked at the curb, adding to the counter congestion. All bags are matched to the passenger; if there is excess luggage on board, the plane is emptied and all luggage is rescreened.

"I don't care how much delay it causes, it's a good idea," said Patricia Walsh of Redding, California, waiting at San Francisco the other day for her Pan American flight to London.

Federal Aviation Administration officials say many of the new security measures are undetectable by the average passenger.

Jack K. Barker, a spokesman for the agency's regional office in Atlanta, said: "The passenger just notices that he is walking through a metal detector arch and that his baggage is going through some sort of machine. He doesn't realize how much improvement has been made since we started screening in 1972."

When FAA officials came to Hartsfield International Airport in Atlanta recently to talk to employees about security, they noted that there were now 20 "invisible security procedures" that take place from the moment passengers enter the terminal to the time they board the airplane.

"I can tell you that for every international flight there is one additional employee who wasn't there a year ago," said William D. Berry,

See AIRPORTS, Page 8

Foreigners Face Long Delays in U.S.

New York Times Service

NEW YORK — American travelers may be subject to security-related delays leaving the country but they can be thankful for one thing: They are not foreigners entering the United States.

In addition to facing stepped-up security screening, arriving foreigners must contend with a shortage of agents of the Immigration and Naturalization Service that has been aggravating the delays.

On weekend afternoons, visitors from overseas face waits of up to three hours to pass through the immigration process at Kennedy International Airport in New York. American citizens, in contrast, are whisked through for routine passport checks when they make their declaration of goods to agents of the Customs Service.

The situation is dramatized at the baggage carousels. Often the baggage of incoming foreigners arrives long before the travelers themselves can get through immigration.

There is a small consolation. A welcome cart of the Port Authority of New York and New Jersey dispenses free juice to the visitors.

Japanese Vote Is Heavy; Turnout Likely to Help Nakasone and His Party

Reuters

TOKYO — Japanese voters turned out in force across the country for the general election Sunday, signaling that Prime Minister Yasuhiro Nakasone could win the substantial majority he seeks.

Shortly before the polls closed, the Home Affairs Ministry put the turnout at 65.96 percent. This was barely 1 percentage point below 1980, when Mr. Nakasone's Liberal Democratic Party scored an overwhelming victory.

In 1983, when Mr. Nakasone's party lost its parliamentary majority, the turnout was 62.48 percent.

Counting was to begin Monday and the results in the elections for both houses of the Diet were to be announced then.

A large turnout usually benefits the Liberal Democratic Party because it can count on the support of many conservative voters normally not politically active, analysts said.

Mr. Nakasone, who is serving his second term as prime minister and party leader, is gambling his political future on the elections to restore the parliamentary majority his party lost in 1983.

A convincing victory for the Liberal Democrats would help him to win changes in rules that require him to step down as the head of the party next fall.

Voters were filling 512 seats in the lower house, the House of Representatives, choosing among 838 candidates. Also at stake were half of the 252 seats in the less powerful upper house, the House of Councillors, for which there were 506 candidates.

Mr. Nakasone decided to call the lower house elections 18 months ahead of schedule. He called them at the same time as the scheduled voting for the upper house so as to increase the turnout.

Even the weather appeared to favor the governing party. Despite forecasts of storms across the country, it was generally cloudy.

Political pundits had warned against holding the elections during Japan's rainy season on a day considered unlucky in the Buddhist calendar.

News organizations predicted a major victory for the Liberal Democrats, but Mr. Nakasone was more cautious.

"We haven't reached the majority of 257 yet; I'm still worried," he said Sunday at his official residence.

Mr. Nakasone, 68, has been seeking a vote of confidence on his three-and-a-half-year rule, which has featured active diplomacy and a series of reform plans for everything from taxes to education.

In a lackluster campaign marked by an absence of major issues, the opposition questioned what it said was Mr. Nakasone's high-handed political style and accused him of planning to increase taxes.

If his party wins 271 seats or more, Mr. Nakasone would be in a better position to extend his term as party leader and prime minister beyond October, analysts said. Anything less could cause inter-party power struggles that could push him backstage.

In the outgoing lower house, the Liberal Democrats had 249 seats, and its coalition partner, the New Liberal Club, had 8.

The Japan Socialist Party had 110, the Buddhist-oriented Komeito 59, the moderate Democratic Socialist Party 37 and the Japan Communist Party 27. Independents, minor parties and vacancies accounted for the rest.

The Associated Press

The family of Brian G. Chambers arriving Sunday at the prison in Kuala Lumpur where Mr. Chambers and another man, Kevin J. Barlow, were being held pending their scheduled executions at dawn Monday for drug smuggling.

Malaysia Rejects Appeal for Mercy in Drug Case

United Press International

KUALA LUMPUR, Malaysia — The authorities rejected Sunday an appeal from Prime Minister Bob Hawke of Australia asking for mercy for two Australians facing the gallows for trafficking in heroin. They were scheduled to be hanged at dawn Monday.

Amnesty International, the human rights group, and Prime Minister Margaret Thatcher of Britain also sent appeals for mercy. There was no immediate response from the government.

Kevin J. Barlow, 28, a welder from Perth, and Brian G. Chambers, 29, a building contractor from Sydney, would be the first Westerners hanged under drug laws requiring the death penalty for anyone found guilty of trafficking in more than half an ounce of heroin.

Mr. Barlow and Mr. Chambers were convicted last July of trafficking in 6.3 ounces of heroin. They lost an appeal to the Supreme Court in December; their final plea for clemency was rejected two weeks ago by the Penang pardons board.

"I'm afraid this is the end of the road," said Karpal Singh, a lawyer speaking for the two men.

Mr. Hawke sent a letter appealing for a stay of execution until all legal avenues were fully explored to Prime Minister Mahathir bin Mohamad and the governor of Penang, Awang bin Hassan, who has the sole power to order a postponement of the hangings.

High Commissioner David Evans of Australia flew to Penang on Saturday evening to personally deliver the letter to the governor, but the appeal was rejected.

In London, Mrs. Thatcher appealed to the Malaysian government to grant "clemency on humanitarian grounds" to the two condemned men. Mr. Barlow, born in England, holds dual British-Australian citizenship.

The families of the two men made their last visits Sunday to Kuala Lumpur's Pudu Jail, where the executions were to take place. Mr. Barlow's mother stayed away.

"I'm not going to see my son today," said Barbara Barlow before attending a church service. "We said our goodbyes yesterday."

Lawyers tried in vain Saturday to persuade Mr. Awang to order a stay of execution until the Penang High Court heard several suits still before the court challenging the decision by the pardons board.

WORLD BRIEFS

U.S. Seeks Apology From Zimbabwe

WASHINGTON (LAT) — The Reagan administration has asked Zimbabwe to apologize for a speech critical of U.S. policy on South Africa that was delivered by a Zimbabwe cabinet minister at the U.S. Embassy's Independence Day reception in Harare.

The speech, which accused the United States of issuing "nothing but platitudes and apologies for apartheid," prompted a walkout by the acting U.S. ambassador and Jimmy Carter, the former president, who was visiting Harare. It put new strain on the U.S. relationship with the socialist government of Zimbabwe, which has received more than $370 million in U.S. aid since 1980.

"We regret that the government of Zimbabwe chose to abuse U.S. friendship and hospitality by using the occasion of our Independence Day reception to misrepresent and criticize in unacceptable language the policies of the United States government," said Joseph Reap, a State Department spokesman. He said Washington was requesting an apology.

Hundreds Rounded Up in Santiago

SANTIAGO (Reuters) — Troops and police rounded up hundreds of men in a Santiago slum area as Chile's military government responded to opposition protests in which six persons died, witnesses said.

Troops cordoned off a section of western Santiago on Saturday and ordered all males over 15 to assemble on a soccer field, human rights sources said. The sweep followed a guerrilla attack on a police post in which two members of the paramilitary police were seriously wounded.

Police said the attackers tossed a bomb at the police post and sprayed it with machine-gun fire before escaping. No one claimed responsibility for the attack.

2 Paris Bombs Linked to July 4 Fete

PARIS (AP) — Bombs smashed windows early Sunday at the Paris offices of two French companies and set fire to one, but caused no injuries, police reported.

The outlawed leftist group Direct Action took responsibility for the attacks in a communiqué to Agence France-Presse, the French news agency. The statement linked the bombings to French-American celebrations at the Statue of Liberty during the weekend and demanded "an immediate stop to capitalist collaboration with the masters of apartheid" in South Africa.

Both companies whose offices were bombed have commercial dealings in South Africa. The first explosion caused minor damage at an office of Thomson CSF, a state-owned manufacturer of electronics and communications equipment. Later, the explosion of a powerful bomb planted in a car caused a fire in the offices of Air Liquide, a manufacturer of gases for industrial use.

Sudan, Egypt Agree on Nimeiri Issue

CAIRO (Reuters) — Sudan and Egypt have agreed to play down the issue of Egypt's granting political asylum to the deposed leader of Sudan, Gaafar Nimeiri, a Sudanese spokesman said Sunday.

During talks here, the Sudanese head of state, Ahmad Ali al-Mirghani, and Egyptian leaders decided that newspapers in the two countries should not deal with the Nimeiri issue in a provocative way, according to a spokesman, Amin Abdellatif. General Nimeiri was overthrown in 1985 and now lives in Egypt.

Mr. Mirghani, the chairman of Sudan's five-member governing council, ended a three-day visit here. He is the most senior Sudanese figure to visit Cairo since elections in April ended a year of military-guided rule.

Reuters

Ahmad Ali al-Mirghani

Mexicans Vote in Key State Election

CHIHUAHUA, Mexico (LAT) — A sharply contested political race ended Sunday when residents of the state of Chihuahua voted for governor, mayors and state legislators.

In previous years, the Institutional Revolutionary Party, or PRI, was considered the sure winner of all but a handful of electoral races nationwide. But this year, observers said, an opposition force, the National Action Party, could win significant political power.

Hector Chavez, a political scientist here, said, "The effect of a opposition victory would be to encourage other opponents of the PRI to participate actively in elections, to believe in elections."

Mitterrand Leaves Today for Moscow

PARIS (AP) — President François Mitterrand, who met Friday with President Ronald Reagan, was to leave Monday for talks with Mikhail S. Gorbachev during a four-day visit to Moscow.

French officials said arms control was likely to dominate the conversations. A spokeswoman at the Elysée Palace said a proposed side trip to Soviet Georgia had been canceled so that the two leaders could spend more time together.

Mr. Mitterrand was in New York last week for the centennial of the Statue of Liberty. Relations with the Soviet Union headed the agenda of talks with Mr. Reagan, officials said. Mr. Mitterrand had promised, they said, to give Mr. Reagan a thorough report on his exchanges with Mr. Gorbachev.

For the Record

Britain extended until July 25 a ban on the sale and shipment of sheep from farm areas in Cumbria, North Wales and Scotland that were contaminated by the Chernobyl nuclear disaster. *(NYT)*

A U.S. legal expert, Abraham D. Sofaer, flew to Cairo from Jerusalem on Saturday for a new round of talks as part of a mission to help the two sides settle a border dispute over a piece of territory in Sinai. Israel retained the Taba resort zone on the Gulf of Aqaba when it withdrew from the rest of Sinai under the 1978 peace treaty. *(Reuters)*

Peruvian Army troops have killed 28 guerrillas in the mountains of the Ayacucho region in the bloodiest clash with the Shining Path rebel organization in 10 months, police sources said Saturday. A soldier also died in the battle. *(Reuters)*

Nigeria's military government announced Saturday in Lagos a set of mandatory patriotic observations. They include flying the flag at all institutions, and singing the national anthem and reciting a pledge of allegiance at schools. *(AP)*

Opposition Stages Rallies In Pakistan

By Steven R. Weisman
New York Times Service

KARACHI, Pakistan — Tens of thousands of anti-government demonstrators rallied here and in other major cities as Benazir Bhutto, the opposition leader, resumed her campaign to press for elections to replace President Mohammed Zia ul-Haq.

The rallies were held Saturday to mark the ninth anniversary of the overthrow of Prime Minister Zulfikar Ali Bhutto, Miss Bhutto's father, and the imposition of martial law by General Zia. Mr. Bhutto was hanged in 1979 on disputed charges of murder and conspiracy.

A death was reported in a clash between the police and anti-government demonstrators in a rural area in southeastern Pakistan, but the day was generally peaceful.

About 50,000 people attended a rally in Lahore, and a rally in a congested middle-class neighborhood in Karachi appeared to draw less than half the attendance of 100,000 predicted by organizers.

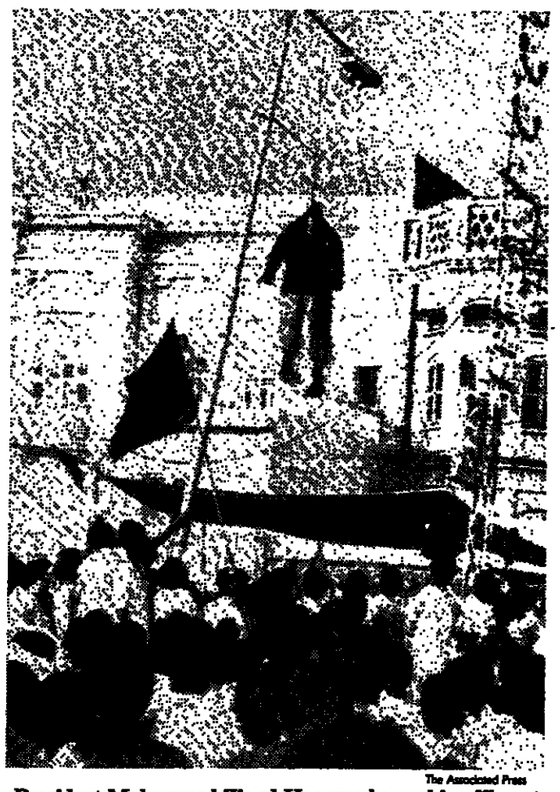
Rallies in other cities reportedly ranged in size from a few thousand people to 15,000, figures that generally were smaller than what organizers had hoped. A few small towns and cities in southern Pakistan, Miss Bhutto's home territory, reportedly were paralyzed by strikes and roadblocks.

Miss Bhutto, who drew hundreds of thousands of people at rallies after her return from self-imposed exile in April, did not address any of the major rallies Saturday. She said she was trying to show that the Pakistan People's Party, her father's political organization, could draw large crowds without her presence.

Miss Bhutto, who heads the party, addressed a rally of 1,000 workers in Karachi instead and promised a sweeping program of benefits for members of labor unions.

Political experts saw the speech as an attempt to gain labor's support in possible strikes, work stoppages and other measures later this year in her campaign for elections.

Many politicians said they expected Miss Bhutto to step up pressure on the authorities, perhaps through more disruptive street actions such as strikes and confrontations with the police.



The Associated Press

President Mohammed Zia ul-Haq was hanged in effigy at an opposition rally in Rawalpindi in northeast Pakistan.

2 Israeli Scandals: Security vs. the Law

Arab Killings and Spying in U.S. Reflect Conflict of Goals

By Thomas L. Friedman
New York Times Service

JERUSALEM — On the surface, there seems to be little similarity between two affairs involving the Israeli security and intelligence establishment — the Shin Bet case here and the Pollard espionage affair in Washington.

But both reflect basic Israeli attitudes toward decision-making, a conflict between ensuring security and the law, and how the establishment takes care of its own.

Both affairs began in 1984 when Yitzhak Shamir, head of the Likud bloc, was prime minister.

In the case of Israel's domestic security service, Shin Bet, its chief, Avraham Shalom, has been accused of ordering the murder of two captured Palestinian bus hijackers in April 1984 and of complicity in a cover-up. He has stated that all his actions were made with approval of the political leadership.

Specifically, Mr. Shalom, who resigned this month when he was given a pardon, has been quoted as saying the authorization to kill the Arabs came from Mr. Shamir.

Mr. Shamir, now foreign minister and scheduled under the coalition agreement to become prime minister in October, denies this.

The Israeli espionage ring in Washington was conducted with the help of a U.S. Navy intelligence analyst, Jonathan Jay Pollard, but Mr. Shamir says he had no knowledge of the spy operation.

This assertion would appear to raise questions about his government's control over the military and intelligence establishments.

While both cases began while Mr. Shamir was prime minister, they came to light after Shimon Peres, the Labor Party leader, had become prime minister.

Critics charge that Mr. Peres did not deal decisively with the affairs when they came to light and, as a result, they festered.

When Mr. Shalom's top deputy, Reuven Hazak, went to Prime Minister Peres in October and told him that the head of the Shin Bet had engaged in serious misdeeds, Mr. Peres decided Mr. Shalom was innocent and chose not to dismiss him or his aides.

Mr. Peres allowed Mr. Shalom to discharge the accuser, Mr. Hazak.

The prime minister did not inform the attorney general that serious crimes might have been committed by Mr. Shalom and some of his aides.

The attorney general found out independently three months later and set in motion a process that could only be stopped by President Chaim Herzog.

Mr. Herzog did stop it, granting what some lawyers believe to be questionable pardons to Mr. Shalom and three aides, in advance of any charges or conviction. Last week, the Supreme Court ordered the government to explain why the Shin Bet affair should not be investigated.

When the Pollard espionage affair was exposed in November, Prime Minister Peres and his colleagues said they had investigated what happened and had then informed Washington it was a rogue operation, meaning unauthorized by proper authority.

However, according to government sources, it appears that the Israeli leaders did not investigate the affair fully and were themselves surprised to find that the head of the allegedly rogue operation, Rafael Eitan, had not told them of several key details, particularly the extent of involvement of an air force officer, Colonel Aviem Sella.

The U.S. Justice Department said it might indict Colonel Sella. By not getting to the bottom of the affair from the start, Israel seems to have embarrassed itself and left doubts about its explanations.

Another similarity between the scandals is how the men responsible were dealt with. Mr. Eitan was appointed chairman of one of Israel's largest state-owned concerns, Israel Chemicals. Mr. Shalom was given a presidential pardon.

In both cases the political establishment justified the silky treatment by saying that the two had served security for so long that they could hardly be punished.

Said an Israeli writer: "The elite tribe gathered together to protect its own. Personal accountability gave way to personal loyalties."

The manner in which the two men were treated also reflected the fact that Israel, in many ways, is still an informal, young frontier democracy where there is a tendency to cut corners in the rush to get things done.

This can be a real asset in nation building. But the common Israeli expression *"Al tidag, yehiyeh beseder,"* or "Don't worry, it will be okay," has also tended to become an all-purpose justification for bending all kinds of rules.

And this, some officials say, has encouraged sloppiness and occasional accumulations of power without checks and balances.

Israeli Confirms Arrest of Officer As Spy for Syria

Reuters

JERUSALEM — Chaim Bar-Lev, the Israeli minister of police, Sunday broke a silence surrounding a sensitive espionage case and confirmed that an Israeli officer faced charges of spying for Syria.

The Israeli Army has refused comment on the case.

Because of a court ban and military censorship, information about the affair has been published outside Israel. Those reports said the officer was a Druze major in military intelligence. His name has not been disclosed.

The Druze are an offshoot of Islam, with communities in Syria and Lebanon as well as in Israel.

The New York Hebrew-language paper Yisrael Shelanu said that the suspect was the son of a well-known retired senior officer in the Israeli border police.

Pole Burns Himself to Death

Reuters

HAMBURG — A Polish man doused himself with gasoline and burned himself to death Saturday outside the Soviet consulate in Hamburg, police said Sunday.

Denktash Rebuffs UN On Cyprus Border Issue

By Henry Kamm
New York Times Service

NICOSIA — Rauf Denktash, leader of the secessionist Turkish Republic of Northern Cyprus, has turned down a United Nations request for an urgent meeting aimed at ending a blockade of traffic between the zones of this divided island.

At the same time, the breakaway government adopted a formal decree closing the border indefinitely to foreigners, diplomats and United Nations forces and hinting at ending the right of such forces to be stationed in the Turkish occupation zone.

Diplomats said they regarded the Turkish Cypriot actions as the most serious challenge ever posed to the United Nations' role in Cyprus.

Mr. Denktash put off the request for a meeting by James Holger, Secretary-General Javier Pérez de Cuéllar's representative here, until Monday, saying he was in a remote part of the island.

The entire Turkish occupation zone can be traversed in two hours.

Only Turkey recognizes the independent state that Mr. Denktash proclaimed in 1983. Other countries and the United Nations deal with Mr. Denktash only as the leader of the Turkish Cypriots within the recognized republic led by President Spyros Kyprianou.

The closing Friday of the crossing points on the Turkish side of the "green line" dividing the breakaway northern third of the island has left 650 Danish and Austrian soldiers of the United Nations peacekeeping force stranded in the north, cut off from their headquarters and the rest of the contingents, with a total strength of 2,300.

It has also halted UN relief operations on behalf of more than 1,000 non-Turks in the Turkish zone.

Petros Voscarides, the government spokesman, called the Denktash measures an attempt to blackmail the United Nations on the issue of free movement of its troops, with the aim of gaining international recognition.

The aim was acknowledged by a Denktash adviser, who was reached by a remaining telephone link. The adviser said the blockade was intended to show that the internationally recognized government of the republic of Cyprus exercised authority only over the Greeks in the south.

Mr. Denktash said Friday that he had ordered the blockade in retaliation for international and Greek Cypriot criticism of the first visit by a Turkish head of government to northern Cyprus since secession. The Turkish leader, Prime Minister Turgut Ozal, left Friday after a three-day stay.

The United States, the Soviet Union, and some European countries objected to Mr. Ozal's visit, as did a spokesman for Mr. Pérez de Cuéllar.

NYT

Rauf Denktash

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Wider Plot Seen in Hijacking of Ship

By Roberto Suro
New York Times Service

ROME — As the jury in the Achille Lauro hijacking trial prepares to consider a verdict, a top Italian intelligence official has questioned the assertion by the prosecution that it uncovered the true authors of the terrorist action.

In a report on Middle East terrorism, the official, Vincenzo Parisi, director of the civilian Democratic Security and Intelligence Service, says: "It is indeed difficult to believe the hypothesis that the operation was managed only by those whose responsibility has been ascertained by the magistrates."

The report does not specify who is suspected of being behind the operation, but it offers an analysis pointing to the involvement of governments in "a sophisticated strategic plan" aimed at reducing U.S. and West European influence in the Middle East.

In Genoa, the prosecutor, Luigi Carli, offered rebuttal arguments Saturday in the last session of the hijacking trial. The jury was expected to begin deliberations Monday. The trial began June 18.

After seven months of investigation, magistrates in Genoa had argued that the affair could be put to rest with an indictment that charged 15 people with various crimes, including the murder of Leon Klinghoffer, 69, a passenger from New York.

The prosecution identified the originator of the plan for the hijacking as Mohammed Abbas, leader of the Palestine Liberation Front, which is a small faction within the Palestine Liberation Organization.

Mr. Carli recently asked the jury, to order a life sentence, the maximum penalty under Italian law, for Mr. Abbas, who is one of 10 defendants being tried in absentia, and six others.

The prosecution portrayed the hijacking of the Italian cruise ship in October as something of a renegade operation conducted by a group essentially created for this one act.

The magistrates said that the hijacking was planned to have a "political propaganda" effect and was a result of political rivalry between Mr. Abbas and Yasser Arafat, the PLO chairman, whom they said was kept ignorant of the plan.

They also said that no governments seemed to be involved. Syria was specifically absolved of complicity.

But this view is disputed by the intelligence agency's report, which was presented at a meeting last month of a U.S.-Italian committee on drug trafficking and terrorism. The document was obtained by The New York Times.

Examining the sophisticated planning that went into the hijacking and detecting a broad political strategy behind it, the report by the intelligence service in effect argues that Mr. Abbas's small group was incapable of carrying it out unassisted.

The report argues that pursuing the goals of Palestinian nationalism is no longer the principal aim of groups like Mr. Abbas's Palestine Liberation Front and the Abu Nidal guerrilla organization, which is held responsible for the attacks on the Rome and Vienna airports Dec. 27.

According to the report, these groups have become "instruments in a political struggle," which the report argues "is aimed at enlarging the range of regional intervention by Libya and Syria" and at "reducing the negotiating power of Western countries in the Middle East."

DOONESBURY

'Miss Liberty' Reopens To Masses — of Tourists

Crowds Flock to Races and Concerts As N.Y. Fetes Statue's Centennial

By Robert D. McFadden
New York Times Service

NEW YORK — A refurbished ...e of Liberty has been re...ed to the public as the Liberty ...kend party rolled ahead with ... and air races, open houses ...rd tall ships and a huge festi... lower Manhattan.

...turday was a patchwork quilt ... Banjos and fiddles reverberat... on Wall Street, experts con...d on the meaning of liberty, ...lies explored the mysteries of ...acles and topgallants, classical ...c drifted in the parks and sail... in dress whites went on the ...

...t it was again the Statue of ...rty, symbol of a nation and the ...ppiece of a harbor teeming ... ships and sails, that captured ...lay. After a two-year centenni... restoration to recapture its 19th-...ury grandeur, the statue re...ed to visitors for the first time ... year.

...rrounded by American and French schoolchildren Saturday morning on sun-washed Liberty Island, President Ronald Reagan's wife, Nancy, cut a red, white and blue ribbon to officially reopen the statue. Doves fluttered up during the ceremony, and a band softly played "America the Beautiful."

"We want to thank each and every student who contributed to this great moment in history," Mrs. Reagan told a gathering that included Interior Secretary Donald P. Hodel and Lee A. Iacocca, chairman of the restoration project.

"More importantly," she said, "the children went beyond fund-raising to recognize the special significance of this symbol."

Children who had submitted winning essays on the statue and its meaning presented Mrs. Reagan with a bouquet of red roses. She closed the ceremonies by reading a poem by Brad Travis, a 10-year-old fourth-grader from Bastrop, Louisiana.

"Oh, Lady of Liberty," Mrs. Reagan read, "teach me to see, where I need to go, and what to be. Let me be like you, tall and proud and free, Our Statue, teacher of Liberty."

As the first boatload of visitors arrived from the Battery about 12:30 P.M., Paul Weisman, 24, of Derbyshire, England, stepped onto Liberty Island and became the statue's first tourist since June 23, 1985. He had waited in line all night.

After paying $3.25 apiece for a round trip, about 10,000 people arrived at the new dock, walked up a new curved brick path, inspected a new immigration museum and got a look at the $66 million in repairs and improvements made under the auspices of the Statue of Liberty-Ellis Island Foundation.

French and American artisans have labored on the statue since early 1984 to shore up its thin copper sheathing with a new inner structure of armature bars, restore the greenish patina of its skin, fit its crown with new stairs and windows, install new elevators and build a new torch covered with gold leaf.

As Mr. and Mrs. Reagan flew back to Washington on Saturday, the momentum of the Fourth of July weekend continued with crowds flocking to view barge and blimp races, to board berthed warships and tall ships and to lose themselves in the aromas and cacophony of Harbor Festival '86, the 50-block street fair that took over lower Manhattan.

A crowd estimated by police at 600,000 turned out in Central Park on Saturday night for a free concert by the New York Philharmonic featuring arias performed by Placido Domingo, Marilyn Horne and other opera stars.

Susan Ragan/The Associated Press

Nancy Reagan, right, visiting the crown of the Statue of Liberty with Kristeen Reft, left, a 9-year-old from Kodiak Island, Alaska, and Laurence Honoré, 17, of Herdville, France.

Foreign Networks Revel In Statue Extravaganza

By Alex S. Jones
New York Times Service

NEW YORK — On Friday night, an Italian television network devoted more than two hours of prime time to coverage of Liberty Weekend. In Japan, it was much the same.

Although few foreign countries have provided quite such expansive coverage, the extravaganza surrounding the relighting of the Statue of Liberty is being treated as a major and quintessentially American news event throughout much of the non-Communist world.

"Of course, we are used to a lot more pompous, serious ceremonies," said Antonello Marescalchi, one of the many Italian journalists who is covering the weekend. "It's a sort of an extravaganza, but I don't think there is anything wrong. Americans are always like that."

A spot survey of foreign news organizations indicated that the foreign press generally was enthusiastic about Liberty Weekend.

Many foreign journalists and news executives said their reports had mentioned criticism of Liberty Weekend by some Americans who considered it too commercial and in bad taste. But most said they considered such negative views a minor aspect of the story.

"It's just a huge celebration," said Bruce Frankel, a news producer for the French television network TF1. "For Americans it is an overkill of Americana, but for the French, there is no emphasis on this at all."

The American television network ABC made portions of its exhaustive coverage available to foreign television networks, and about 40 purchased all or part of the coverage, according to ABC Pictures International.

For many foreign news organizations, the weekend offered an opportunity to examine the sensitive issue of immigration policy. Gustavo Godoy, news director for the Spanish International Network, which broadcasts in Spanish to many Latin American countries, said the network has been running a series on immigration all week.

Foreign journalists also have used their coverage of the weekend to examine the revival of strong American patriotism.

"Patriotism has always been a sentiment, but it is now becomming a philosophy," said Guiseppe Lugato, a correspondent for Italian Television Network's Channel 1, which devoted its prime-time programming Friday night to Liberty Weekend coverage. "As a sentiment, it's a great thing, but as a philosophy, I don't know. I see some risks."

The celebration of the Statue of Liberty's 100th anniversary drew stinging criticism in the Soviet Union from Pravda, the Communist Party newspaper. It said that freedom in the United States was "the liberty to sell and be sold."

Argentines Oppose Divorce

Agence France-Presse

BUENOS AIRES — Nearly 50,000 protesters, most of them women, marched through Buenos Aires on Saturday to oppose parliamentary moves to allow divorce in Argentina. Argentina, with a largely Roman Catholic population, is one of seven countries in the world that does not sanction divorce.

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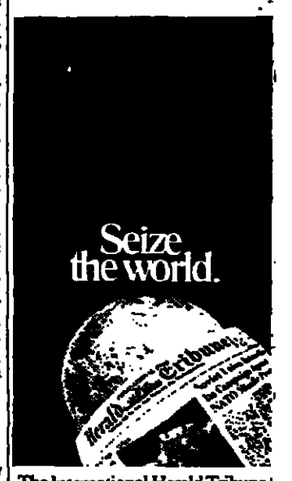

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AMERICAN TOPICS

...ving-in-Road Deaths: Rural Phenomenon

...North Carolina recorded 136 ...ople run over and killed while ...g in the road over five years ...ing in 1984, usually on sum... nights in rural areas. "In ...st cases the victim is intoxi...ed almost to the point of be... comatose," said Dr. Law...ce S. Harris, a state medical ...miner. Tennessee had 31 sim... fatalities during the same ... years. Arizona had 13 in ...4.

...A spokesman for the National ...ghway Traffic Safety Admin...ation in Washington said that ...national statistics were kept such deaths, but that they ...e fairly frequent. Most of the ...zona victims lived on Indian ...ervations, where alcohol ...se is widespread. In North ...olina, about half the fatalities ...e black and half were white. ...but a few were men and virtu... all were intoxicated.

"What probably happens," ...geant T.R. Thomas of the ...rth Carolina Highway Patrol ...l The New York Times, is ...t the victims get drunk in a ...rn, wander homeward and ...down on the road "because of warmth."

This is Dr. Harris's thesis as ...ll: that people stumbling ...g in a drunken stupor in the ...l of the night are drawn, like ...ssums, to the roadway be...se the asphalt surface retains ...t from the day.

The Wilmington Star-News in ...mington, North Carolina, in ...editorial headed "Liquored ..., Smashed Flat," said that it is ...infully obvious that not all of South will rise again."

Notes About People

Court files of the current United States Football League antitrust suit against the National Football League give an insight into the technique of **Donald J. Trump**, the New York real estate developer and owner of the USFL's New Jersey Generals.

Reuters/UPI

Donald J. Trump

According to a transcript of a meeting of league owners, Mr. Trump said, "When I build something for somebody, I always add $50 million or $60 million onto the price." When the clients say it is going to cost $75 million, "I say it's going to cost $125 million, and I build it for $100 million. Basically, I did a lousy job. But they think I did a great job."

Southland Corp. has suspended sales of "adult" magazines, including Playboy, from its nationwide chain of 7-Eleven convenience stores, small grocery stores that stay open after hours. Now **Hugh Hefner**, Playboy's founder-owner, is planning a spread for the magazine to be called "The Women of 7-Eleven." A spokesman said: "Many of our readers simply stopped going into 7-Eleven stores when they dropped the magazine. For them, this pictorial will be something of a reunion with their favorite clerks."

Short Takes

Peter Franusich of Los Gatos, California, a retired school counselor, was roughed up when police raided his tomato patch on suspicion it was marijuana. Mr. Franusich and his wife, Jane, will receive $75,000 damages in an out-of-court settlement. The cost will be shared by the five cities, the county and the state whose law officers took part in the raid.

Jeanette Wilks, 32, who agreed to bear a child for her infertile sister and was artificially inseminated with her brother-in-law's sperm, gave birth to male triplets. Mrs. Wilks, of the Detroit suburb of St. Clair Shores, took no fertility drugs and there was no history of multiple births in the family, her husband, Martin, said. Noel Keane, a lawyer who has arranged more than 100 surrogate births, said, "I'm positive they're the first surrogate triplet situation."

Compiled by
ARTHUR HIGBEE

Ukrainian Chief Visits Chernobyl After Absence From Public View

By Gary Lee
Washington Post Service

MOSCOW — Vladimir V. Shcherbitsky, the Ukrainian Communist Party chief, has visited the area of the Chernobyl nuclear accident to discuss with local officials the clean-up and resettlement of evacuees, the Soviet press agency Tass reported.

Mr. Shcherbitsky's appearance as overseer of the Chernobyl clean-up indicated that he was not being held directly responsible for the April 26 incident, the world's worst nuclear accident. Mr. Shcherbitsky, 68, has served as the leading party official in the Ukraine, where Chernobyl is situated, since 1972.

His trip, with the Soviet republic's premier, Alexander P. Lyashko, also suggested that the supervision of the incident has been moved down a level from the Politburo to the republic. On May 2, Mr. Shcherbitsky accompanied Yegor K. Ligachev, considered to be the No. 2 member of the ruling Politburo, and Prime Minister Nikolai I. Ryzhkov to the area.

Mr. Shcherbitsky's re-emergence after two months was reported Friday by Tass and by the Soviet government newspaper Izvestia.

Until now, there had been speculation in Moscow that Mr. Shcherbitsky, an old guard Politburo member closely linked to the late President Leonid I. Brezhnev, had fallen from official favor after the Chernobyl disaster.

Tass said that Mr. Shcherbitsky and Mr. Lyashko discussed projects "that are aimed at the quickest liquidation of the accident's aftermath."

A settlement for evacuated farmers that will have 7,000 houses are being built, according to Tass. "Everything possible is being done to accelerate the work directly at the station," it said.

An article in the youth newspaper Komsomolskaya Pravda on Friday reported that firefighters working on the clean-up at Chernobyl were splashed with contaminated water from the plant after a dump truck ran over hose couplings and "water broke through."

In a separate Tass report, Victor Sidorenko, a Soviet nuclear safety official, said that Chernobyl should be a "serious lesson" for countries with nuclear power capacity.

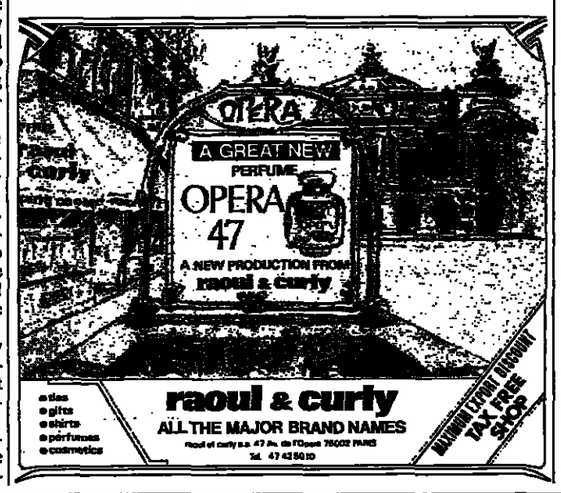
■ Scientists to Monitor Tests

A team of private U.S. scientists will travel to Soviet Central Asia this week to set up equipment to monitor the Soviet moratorium on nuclear testing. The Washington Post reported from Moscow.

Thomas B. Cochran, a senior scientist with the Natural Resources Defense Council, said that the Soviet Union had not yet agreed to allow the monitoring to continue if Moscow were to renew its testing program. The Soviet Union suspended underground nuclear testing last August and has extended its unilateral moratorium until this August.

Mr. Cochran said the group's goal was to prove that verification of a test ban treaty was possible.

In May, the defense council, a private environmental group, signed a one-year agreement with the Soviet Academy of Sciences to allow an exchange of observers to conduct on-site verification of nuclear testing.



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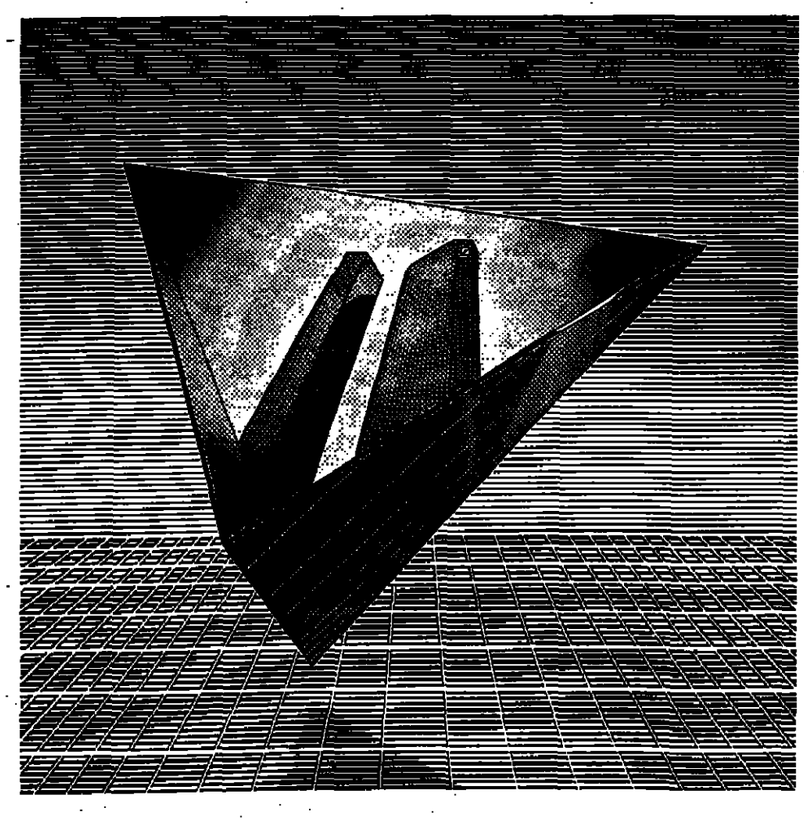

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• Employees	48,851
• Stockholders	245,000

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Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

The Brezhnev Doctrine

Whatever changes may be afoot in Soviet foreign policy, the notorious "Brezhnev doctrine" has just been reaffirmed. Appropriately enough, Mikhail Gorbachev chose Poland as the site and the Communists who crushed the Solidarity rebellion as the audience for reiterating the Soviet declaration of Eastern Europe's nonindependence.

Mr. Gorbachev gratefully toasted General Wojciech Jaruzelski. In an act of putative Polish patriotism, the general had spared Kremlin leaders the dirty work of smashing Solidarity directly. How fortunate that Poland could muster its "own resources."

But Mr. Gorbachev did not stop at that modesty. Should some future Eastern regime falter, he proclaimed, Moscow understands its responsibility as leader of "the socialist community." Soviet-style socialism now "manifests itself as an alliance of countries closely linked by political, economic, cultural and defense interests." Any attempt to "wrench a country away from the socialist community means to encroach not only on the will of the people, but also on the entire postwar arrangement, and, in the last analysis, on peace."

Mr. Brezhnev's originality lay in giving this doctrine the name of socialism, but he was not the first Russian leader to practice it. The 19th century czars were notorious for their forcible suppressions of all nationalist stirrings in Eastern Europe. Lenin called their empire a "prison of nations."

Now that Lenin's heirs run the prison, the name is "socialist community." But the claim of a great power's sphere of domination is the same. Under Kremlin direction, Eastern Europe displays the rigidities of the Soviet model combined with the inertia of colonial dependency.

Only East Germany enjoys consistent economic growth, but it is denied any real independence in foreign policy. Romania pursues a cautiously aloof foreign policy but its people suffer under Stalinist political controls and severe economic privation. Hungary has come furthest toward accommodating dissent, but its once-rebellious people risk their jobs if they are too outspoken. In Hungary, Czechoslovakia and Bulgaria, aged leaders hang on in the absence of a regular mechanism of political renewal.

A meaningful program for change in these conditions would require confidence and innovation in Soviet policies. On this vital front, Mr. Gorbachev sounds old hat.

— THE NEW YORK TIMES.

Civil War in Paradise

Sri Lanka, until the fighting began, seemed marvelously well equipped to lift itself into rapid and sustained development. It is an interesting country that, although very poor in conventional terms of income, has a remarkably high standard of living by the more important measures. On GNP per capita of about $330 a year, which is lower than Pakistan's, it lives like the countries that the World Bank calls the upper-middle-income group. In those respects that make the most difference, it has reached the same standards as, say, Malaysia, which has a money income five or six times as high.

Sri Lanka's average life expectancy, which is a pretty good indicator of public health in general, is longer than Malaysia's and, in fact, the longest in Asia except for Japan's. Its infant mortality rate is one third Pakistan's. Its food production has been rising at a phenomenal rate. Its population growth is moderate. The level of education is strikingly high. A youngster's chance of going to secondary school is better than in most of the middle-income countries. Sri Lanka seemed by every calculation to be among the most hopeful of countries, until the fighting began to spread.

The guerrilla warfare that started more than a decade ago is becoming more intense. Casualties have soared in the past few months. The deep ethnic hostilities suggest a parallel with Northern Ireland: The island's Tamil minority has longstanding grievances over discrimination, but the Sinhalese majority sees itself as the embattled defender of a threatened culture, vastly outnumbered by the Tamils nearby in southern India. When a few Tamil youths first began to resort to the gun, the Sri Lankan army, mostly Sinhalese, responded with indiscriminate vehemence. The civilian casualties and outrages then drew more Tamils into the guerrilla movement. That part of the story is as familiar as it is melancholy.

The government, alarmed by the rising scale of warfare, has now offered a proposal for a political settlement providing more democracy in the provinces where most Tamils live. But enmities have reached a point that makes easy solutions improbable. As an aid donor, the United States has a little leverage. As Sri Lanka's closest neighbor, India has a good deal more — particularly since the guerrillas are being supplied by Tamils on the Indian mainland. Both India and the United States seem to be moving to do what they can, although it is never easy for outsiders to repair a country's internal political failures.

Meanwhile, the civil war continues, with vast damage to a country that recently was one of the most promising laboratories in which the world was learning how to raise the quality of life for its poorest people.

— THE WASHINGTON POST.

Waking Up the Bank

The World Bank is in sorry shape. Clients on three continents are desperate, but in the last 12 months this great institution, the world's leading provider of aid, has barely disbursed as much credit as it has collected in interest and repayments. Enter Barber Conable, the former United States congressman who has just taken over as its president. He cannot perform miracles, but he can light fires. America and Japan are best positioned to help.

The bank could have done more in the Third World debt crisis, but lending was down $1 billion in 1984-85. The Reagan administration has never championed multinational aid; Mr. Conable's predecessor, A.W. Clausen, was unable to budge either it or the bank. Mr. Conable lacks background in international finance but is a skilled politician with a keen intellect. Plunging confidently into one thicket, he dismisses objections to lending for agriculture in Brazil. That, he says crisply, is "one of the best ways to raise per capita income." The next thicket will be negotiations to enlarge the International Development Association. Brazilian credits and IDA expansion are what this job is about: raising money and distributing it more productively.

Treasury Secretary James Baker last fall offered a promising plan to reorient the bank and move it center stage with the International Monetary Fund, its sister agency, which has shouldered most of the debt rescues. After three years of crisis austerity, the plan emphasizes growth. But nine months have lapsed with little change. The main event is still Mexico, again wrestling over credit terms with the IMF and commercial bankers just to keep afloat.

The World Bank has the money to be bold, with unused lending authority plus a record $1 billion profit in its fiscal year just ended. There is no immediate need for the 149 member countries to put up new capital. But it is none too soon for Mr. Conable to start beating the drum. In these matters, America sets the tone. The administration, having picked him, needs to support him.

Meantime, Mr. Conable rightly perceives the special role that Japan, too, can play. With monetary reserves fattened by export earnings, with its economy second only to America's and with a small defense budget, Japan has the capacity and the obligation to enlarge its global aid greatly.

All of this will require persuasive skill among the bank's members and stronger leadership within. A thoughtful agenda from the Overseas Development Council, a respected research group, points out that the bank has yet to adapt to its broadened development role and still lacks a smooth working relationship with the IMF.

In its 50 years, the World Bank has developed experience, a reservoir of talent and an enviable reputation in the developing countries where it lends and in the financial community where it borrows. What it most needs now is inspiration. Mr. Conable can provide that, but he can't do it alone.

— THE NEW YORK TIMES.

Other Comment

Chileans Confront a Wall

What appears grave about the Chilean situation is that the military regime did not leave an exit door. The government has intensified the social claustrophobia by announcing that it intends to stay on until almost the end of the century. It is as if the society were placed before a wall that interrupts the way forward. For those who don't accept the wall there is only one path: embark upon war to wear down the military regime, as is now happening in South Africa. But the Pinochet government knows that many Chileans are alarmed by the possibility of a return to the socialist ideology of former President Salvador Allende. This impasse in Chile must be broken in order that the country not walk mechanically in the direction of civil war.

—Jornal do Brasil (Rio de Janeiro).

The AIDS Risk Is Growing

Public complacency over the most frightening disease of this century worried doctors at the second world conference on AIDS in Paris. The virus could now be spreading among heterosexuals as fast as it did among homosexuals four years ago. (In Haiti, more than 70 percent of today's victims are heterosexuals.) A cure cannot stop it in the next few years; changes in sexual behavior can. Since abstinence is unrealistic, the best answer is the condom.

— The Economist (London).

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OPINION

Arms Control: Reagan at the Crossroads

By Flora Lewis

PARIS — Ronald Reagan has said his administration is making a careful study of the recent series of proposals put forward by Mikhail Gorbachev. It is of great importance that this should be a thorough review of basic American arms control objectives. They are given regular lip service, but the debate has shifted ominously of late from specific stands to a question of whether any kind of new agreement is desirable.

This has been going on since President Reagan took office. At first the challenge could be obscured behind arguments that the United States needed massive new defense programs to win bargaining leverage on the Russians. Now the very idea of arms control is at a crossroads.

The opportunity will not last long, probably less than a year. After that, U.S. and Soviet armament decisions will have been taken that will be difficult if not politically impossible to reverse. The advance of technology will change the calculations of balance. The chance of stopping let alone cutting back an unfettered arms race will be put off to an unforeseeable future, at an ever higher level of menace.

According to Spanish Prime Minister Felipe González, who was recently in Moscow, General Secretary Gorbachev says that when the United States wants to rearm, the Russians want to stop, and when there is a certain acceptance of disarmament in America, the Soviet Union wants to develop defense. He thinks that there is a process of Moscow and Washington being out of step in historical terms. This does seem to be the case.

Mr. González replied that there were two theories in the West, the hawks whom Mr. Gorbachev described and those who do want verifiable arms control at the lowest possible level. Like most West Europeans, the Spanish prime minister put himself in the second group.

Despite generalities and amiable assurances, it is not evident where Mr. Reagan really stands. His advisers include advocates of both camps.

Washington is now coming to face the hard, central decision that has been postponed for years, and the answer will have to be firm and

The arms competition is now the key issue and no amount of palaver will make it secondary.

unequivocal. Taking no decision, or fudging, would also move U.S.-Soviet relations beyond the crossroads, and would have the same effect as rejecting the effort to limit arms by agreement.

The issue of linkage, of whether arms control could or should be made to carry the focal burden of Soviet-American rivalry or whether other, regional issues should have equal weight, has been overtaken by events. The arms competition is now the key issue and no amount of palaver will make it secondary. There is no serious prospect of coming to terms on other issues first, to improve the climate.

Regional disputes can be even more complex because they directly involve other countries. The impasse now in many areas — the Middle East, Afghanistan, Angola, Nicaragua, for example — gives strong evidence that the superpowers are not going to move each other in the slightest on these questions unless progress in arms control gives them a stake in better relations.

Critics of virtually all types of arms pacts charge that advocates want "agreement for agreement's sake, at any price." This is simply a way of veiling the harsh view that no agreement, at any price, can improve U.S. security and that Washington should prefer an arms race.

Of course, Mr. Gorbachev is going to seek the best terms he can get. So must Washington; no responsible American voice suggests otherwise. But the Soviet leader has been signaling as openly as possible that he is ready for compromises. How much, and whether it is enough to meet prudent U.S. requirements, cannot be assessed until Washington makes up its mind whether it arms to parley or parleys to keep on arming.

The argument of trust is a deliberate diversion. Neither side trusts the other and neither is likely to for a long time. The point is whether a common interest can be identified in mutual arms restraint, whether both sides can be brought to feel safer by lowering the quantity and type of threatening weapons.

Mr. Gorbachev obviously wants to concentrate on the Soviet domestic economy, but he, too, has a choice, depending on his perception of Washington's intentions. There is no choice for either superpower to living in the same world. But it makes a big difference how much tensions are allowed to mount. Mr. Reagan's next step will be momentous for everyone.

The New York Times.

For Anti-Pollution Action to Limit Climate Change

By Michael Oppenheimer

NEW YORK — With unusual unanimity, scientists testified at a recent U.S. Senate hearing that using the atmosphere as a garbage dump is about to catch up with us on a global scale.

Earth's climate is changing rapidly and its protective shield of ozone is shrinking. The proposed orbiting of a space station may yet serve a useful purpose: as the last corner of the solar system suitable for human habitation. But if we quickly apply down-to-earth technologies, we can avert the worst of these problems.

Carbon dioxide emissions from fossil fuel combustion and other "greenhouse" gases are throwing a blanket over Earth, trapping heat and warming the surface. Some of these same gases, chlorofluorocarbons, are eating away at the stratosphere's ozone layer, which protects us from the sun's ultraviolet light.

The consequences of these changes, estimated with computer models, appear troubling. The climate may be measurably warmer within 20 years and the global temperature will increase by about 6 degrees Fahrenheit (3.3 degrees centigrade) by the middle of the next century. Washington, D.C., may have as many as 40 100-degree days some summers; six are now unusual.

The sea level will rise as land ice melts and the ocean expands. Beaches will erode. Coastal Louisiana and other low-lying areas will become uninhabitable. Where will the people go? For some, nowhere. In South Asia, for instance, flooding from cyclones can now kill thousands trapped on already marginal land.

Earth's food delivery system may suffer as breadbasket areas dry out due to shifting rainfall patterns.

Perhaps most distressing of all are the consequences for all natural ecosystems. As wetlands disappear and the currents shift, the ocean food chain may break. Temperate forests, already under stress from air pollution and acid rain, may succumb to the added burden of a changing climate. Increased ultraviolet light offers a double whammy as it threatens increased skin cancer and generates more smog in cities.

Imagine life in a sweltering, smoggy New York without Long Island's beaches and you have glimpsed the world left to future generations.

This is not inevitable. Solutions are at hand that would permit us to limit climate change and ozone depletion.

Details of an international protocol on stratospheric ozone will be completed in 1½ years. Ideally, the growth in fluorocarbon production for refrigeration, spray cans and plastics will be reversed. Substitutes are available for many of these uses.

Limiting climate changes caused by the buildup of carbon dioxide, fluorocarbons and other gases presents a knottier problem, but a successful ozone protocol could provide a model for future action. Moreover, certain steps to limit climate change can be taken by governments in advance of a comprehensive agreement.

We can reduce the profligate use of fossil fuels in the industrial world, particularly in the United States.

Expanded use of cogeneration, conservation, energy-efficient cars and solar and biomass energy can reduce the growth in emissions, slow down climate change and buy time to develop stronger measures.

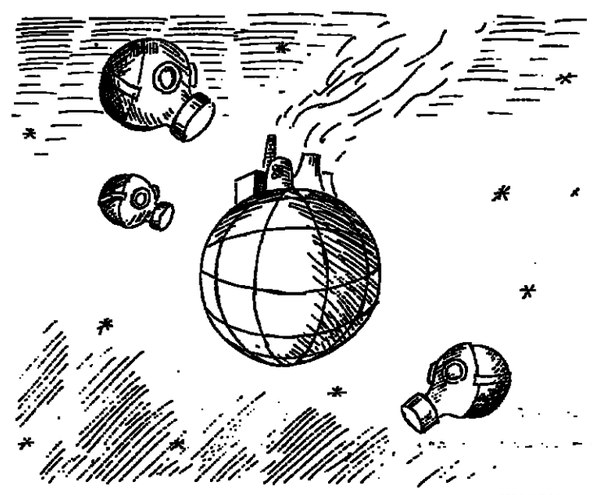
Forests, whose growth removes carbon dioxide from the atmosphere, should be protected and expanded.

Simultaneously we must increase funds for research on climate change and its ecological consequences. The National Aeronautics and Space Administration, for example, should devote more of its resources to monitoring the global environment. Otherwise we will be flying blind into a quickly changing future.

Those who are concerned about the costs of such measures have not taken a hard look at the cost of adaptation. Model studies of flood damage for Galveston, Texas, and Charleston, South Carolina, estimate costs in excess of a quarter of local income. The potential for human suffering is open-ended.

Some climate change is inevitable because of pollutants already emitted. We can adapt to these small shifts. But larger changes must be forestalled. It will not come cheap, but the price of doing nothing will be prohibitive. Humans occupy only a niche in the global scheme — a niche we are making narrower.

The writer is an atmospheric physicist and senior scientist at the Environmental Defense Fund. He contributed this comment to The New York Times.



Drawing by VALERRY.

But Where's the 'Greenhouse Effect'?

By Patrick J. Michaels

WASHINGTON — Curious: Why do people who express so much skepticism at the daily weather forecast readily panic at a forecast for 50 years from now?

The latest version, presented to a Senate committee recently by NASA, left the impression after the media got through with it of unqualified gloom and doom by 2030.

It is one thing to say that disastrous global warming could happen. But no computer model, as noted by NASA, is now sophisticated enough to predict that it is certain. Doubly so when you consider that for all the carbon dioxide, methane and chlorofluorocarbons pumped into the atmosphere since the Industrial Revolution, United States and other northern latitude temperatures have actually declined in the last half-century.

Certainly there is hardly a sane scientist, weatherwise or otherwise, who doubts that an increase in carbon dioxide would warm up an idealized, simplified Earth — the kind that exists in the computer's memory. The more carbon dioxide, the warmer it gets. And there is no doubt that the amount of carbon dioxide in the atmosphere is going up.

From reading the newspaper accounts, one gets the impression that disaster has already begun. But the fact is, buried in the bowels of most expert testimony concerning the issue are more than the usual number of caveats. As NASA's Robert Watson told the Senate, "It's only a question of magnitude and time."

Indeed. Here is the problem: In spite of the current increase in carbon dioxide, and despite the headlines, there is precious little evidence that the Northern Hemisphere has warmed up significantly over the last 50 years. Moreover, when we look to the medium-high latitudes of the hemisphere, generally conceded to be most prone to climatic change, the warming simply is not there.

A look at the temperature curves from the National Research Council's 1983 report "Changing Climate" sums up the problem. The northern latitudes, from 24 to 90 degrees north, have actually cooled off since 1930. The tropics warmed up slowly from 1880 to 1920, and then stopped. The Southern Hemisphere, on the other hand, has warmed steadily throughout the period.

As far as the United States is concerned, the state-of-the-art temperature history remains a 1981 article by Henry Diaz and Robert Quale in the journal "Monthly Weather Review." Although the last datum in that article is from 1979, it is clear that mean U.S. temperatures have actually dropped in the last 30 years.

So what is the difference between hemispheres? Perhaps some type of atmospheric turbidity, volcanic or man-made, has so far countered the effect of carbon dioxide in the Northern Hemisphere. Carbon dioxide stays in the atmosphere a lot longer than the stuff that goes into the air alongside it. While both are primarily produced in the Northern Hemisphere, only carbon dioxide resides long enough to diffuse into the Southern Hemisphere. The Southern Hemisphere's clearer atmosphere receives and traps more radiation.

Sooner or later the carbon dioxide effect should predominate in the Northern Hemisphere, but probably not soon enough to turn Washington into beachfront property for a while.

The writer is associate professor of environmental sciences at the University of Virginia, and the Virginia state climatologist. He contributed this comment to The Washington Post.

U.S. Tax Reform Challenges Europe

By Hobart Rowen

LONDON — The message is only slowly beginning to sink in, but the tax reform revolution about to make historic changes in America may give European governments no option but to follow suit.

With the top marginal U.S. personal rate about to be cut from 50 to 30 percent or less, how can Europe and Japan any longer defend top rates for their citizens of 50 to as much as 80 percent?

If they maintain such high rates, many economists and bankers feel, there will be yet another attraction for investment funds to leave Europe and Japan and flow to America. Japan may be able to afford it, but European countries desperately need to keep investment money at home, to make industry more efficient and to stimulate growth. Otherwise there will be little hope of cutting the dangerously high rate of European unemployment.

The message that European politicians should take from U.S. tax reform is that high tax rates in Europe discouraging individual and business initiative must go. Japan has slowly been moving toward lower rates for the past year. Japanese government officials expect that the success of American tax reformers will accelerate the trend.

Europe will be slower to respond. With much fanfare, France recently dropped its top corporate rate from 50 to 46 percent. The British government is moving in the same direction on corporate rates. But the top U.S. rate had been only 46 percent, and under the Senate Finance Committee version of tax reform it is scheduled to go down to 33 percent, with business forced to give up loopholes such as the investment tax credit.

European high-tech industries must face this fact: American high-tech industries, already threatening to run so far ahead that they cannot be caught, will get a new edge from tax reform, compared to capital-intensive industries. Unless European industries get comparable relief, they will have an incentive to move production to America.

Lord Eric Roll, chairman of S.G. Warburg, expects European governments to respond to the new situation not by genuine tax reform but by creating yet more loopholes for industry. He says this is "regrettable," and that tax reform would make more sense, but he sees resistance to further cuts in social programs and thus "little room for maneuver to cut personal tax rates."

That, of course, was the establishment view in the United States until politicians discovered the magic of an overall 27 percent marginal tax rate.

Representative Jack Kemp, the New York Republican who is playing a leading role in getting tax rates down, suggests that tax reform is the way for West Germany to stimulate its economy without touching off inflation or cutting popular welfare programs.

As of now, the reduction in the top tax rate from 56 to 52 percent under way in West Germany is to be offset by "fiscal consolidation" — a euphemism for cuts in domestic spending. Mr. Kemp's suggestion to Chancellor Helmut Kohl is that if loopholes are closed, the top rate can be cut well below 52 percent, thus broadening the tax base.

That was the pattern of the American legislation. Domestic spending could continue at present levels, yet the whole package would be revenue-neutral. "By improving the outlook for investment and jobs in Germany," Mr. Kemp says, "cutting high marginal tax rates would further reduce trade imbalances."

Of course, it will be easier said than done. Loopholes, as Lord Roll suggests, may be even more entrenched in the European system than they were in the United States, because of the confiscatory nature of high rates. But the very low rate, as has been demonstrated in the U.S. Senate, has a special political appeal. Six months ago, Mr. Kemp remembers, everyone told him and Senator Bill Bradley that they were crazy to believe that tax reform could pass the legislative hurdles.

If carried out on a global basis, tax reform could well provide a needed new fiscal stimulus for a global economy that needs a shot in the arm. But large deficits in the major industrial nations inhibit fiscal stimulus, leaving the task of immediate rejuvenation to a reduction in interest rates.

In this situation, every little bit helps. The role that might be played by tax reform can hardly be ignored. That is especially true in Europe, as it fights to stay in the competitive race with the United States and Japan.

The Washington Post.

Alienating Students In Korea

By Gregory Henderson

WASHINGTON — For 30 years, from the June 25, 1950, outbreak of the Korean War until the late May 1980 Kwangju uprising in southwest Korea, anti-Americanism was about as common in South Korea as fish in trees. The United States were more than a friend *to* Seoul, it was *the* friend. The world knew no more enthusiastic allies.

The U.S. government, business circles, hundreds of thousands of aspiring Korean immigrants and above all the U.S. military would believe the same today. But all four main U.S. Information Centers have been torched or invaded or both since 1980, and from among 75,000 students in 300 demonstrations this year come anti-American banners and slogans, and mounting violence.

These student voices are those of a minority, but no longer the tiny minority they were two years ago. A violent anti-Americanism has swelled. If the escalation persists, the present regime and the 1988 Olympic Games in Seoul will be shaken by the forces not of the North but of the South. The U.S. relationship with Seoul will suffer accordingly.

This unrest arises from diverse sources: small but rising corruption, threats of U.S. congressional restraints on Seoul's hefty trade inroads and possible, although characteristically exaggerated, Communist influence. But it is the perception of the nature of the U.S. military command over most South Korean armed forces that most fires student anger.

Whenever a normal Korean combat unit is moved, a four-star U.S. general, as commander in chief of the Joint U.S.-South Korean Command, must give permission. Coups, which always involve such shifts, either defy the command structure, as in 1961 and 1979, or, when U.S. permission is sought and given, involve U.S. command consent in the repression of forces seeking democracy, as in 1980 in Kwangju. Even when, as in October 1972, the use of troops to enforce authoritarian constitutional changes was too minor to involve command permission, suspicion of an implied command assent remains.

U.S. command over armed forces deeply implicated in South Korean politics tarnishes the American name. Attempts to formalize that position only increase the dangers of "commanding" without control.

Many Korean students perceive the United States as the midwife of the Chun regime's 1979-80 takeover of power and as the backer of this "puppet" of U.S. "imperialism."

A quarter of a century of repression of democracy in an educated nation aspiring to greater freedom is increasingly ascribed to the Americans as well as to Mr. Chun. As anti-militarist sentiment rises, the annual joint U.S.-South Korean "Team Spirit Exercises" appear as "the training of military hoodlums" or as the chief roadblock in North-South Korean unification talks.

Both sides have inflamed the situation. Seoul has used military induction or training as punishment for "unruly" students. Secretary of State George Shultz's public support of Mr. Chun during a visit to Seoul in May was almost unqualified and accompanied by criticism of "an opposition that seeks to incite violence." The two chief opposition leaders were relegated to a meeting with a Shultz subordinate, which aborted.

Korean student perceptions do not yet typify Korean public views. Yet American "quiet diplomacy" toward democratization drowns in a radical and vocal student perception of the Chun regime as an American puppet. The U.S. Embassy in Seoul has reportedly lost all effective communication with the student world.

No one can be sure that South Korea will boil over. A booming economy and stock market bespeak confidence. But it is clear that the present U.S. command structure in Korea is a political liability. Designed to integrate an international war effort and leash the quixotic tendencies of the late President Syngman Rhee, it is now archaic.

The United States should limit its forces and command to sophisticated weaponry and air support and leave all ground troops and their command to the Koreans. It should support more openly the lifting of the legal restraints that now chain democratic elections. The United States should withdraw from a position that gives the appearance of interference in South Korea's political process on the repressive, undemocratic side.

The writer served as a State Department specialist on Korea for more than seven years. He contributed this comment to The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: A U.S. Heat Wave

NEW YORK — The heat wave continues over the whole of the country east of the Mississippi and the number of deaths due to the heat is given at 300. New York's temperature [on July 6] has exceeded 37.8 degrees centigrade (100 Fahrenheit). Residents are advised to go to the libraries and read about the great blizzard of 1888. The shout about town is: "How would you like to be the President?" This is in reference to W.H. Taft, who weighs 322 pounds. This reference rouses a cheerful outlook on life. That the President is among the greatest sufferers is apparent. An interview published in the New York Tribune with Mr. Horace Taft, the President's brother, who is a schoolmaster, quotes him as saying: "My brother is standing the weather splendidly, but he quakes nevertheless."

1936: Denials in Vienna

VIENNA — The Austrian Foreign Office and the German Legation here denied [on July 6] reports that there had been peace talks between German Minister Franz von Papen and the Austrian Chancellor, Kurt von Schuschnigg, which had ended in failure. There have been no special negotiations, this correspondent was informed, only regular conversations. Von Papen, Foreign Office circles say, was sent to Austria after the Nazi putsch in 1934 to bring about an understanding. He acts in accordance with these instructions, but so far without result, because Germany has never given up her anschluss claims. Schuschnigg recently stated willingness for an understanding, when he said that Austria desired peace with the German Reich but must insist that her independence be respected.

OPINION

'Conventional' Slaughter at the Somme

By George F. Will

WASHINGTON — The 20th century is largely debris from the battle begun at the Somme on July 1, 1916. A.J.P. Taylor writes that no man in prime of life in 1914 knew what war ween the great powers — there had been such a war since 1871 — would e. On July 1, it was like this: ty thousand British were casual- 0,000 were killed that day. By mid- mber, when the battle oozed away the churned mud, the British had 00 casualties, the French 200,000, Germans about 450,000. The e front was 12 miles long. Never more than eight miles gained. e war was a calamitous case of new ology overwhelming old tactics. achine gun gave decisive advan- to the defense. The old tactic of e, slow advances by massed for- ns, amounted to trying to wear out ine guns with young men's chests.

Sept. 15, 1916, a new weapon, in the fertile brain of Britain's first of the admiralty, Winston Chur- clanked into action: the tank. ty-four years later a German re- made possible by the immobile ter of World War I would send racing across France to Paris.

1984 and 1985 we had many obser- s of 40th anniversaries associated he winning of World War II. Wars ought by young men, many of 40 years on, linger and remem- lot so 70th anniversaries of wars. ver, World War I anniversaries hould be noted because that war orse and greater.

was worse because fought for no purpose as defensible as cleansing Europe of fascism; and greater in that the war's resonances were — still are — louder. A consequence of World War II was the drawing of the Soviet empire into the middle of Europe. The creation of the Soviet regime was but one evil consequence of World War I.

The generation that marched to war on both sides in 1914 believed, more serenely than any subsequent generation has, in the inevitability of progress, the beneficence of technology, the wisdom of established authority. That generation went over the top of the trenches, and off a kind of spiritual cliff, at 7:30 A.M. on July 1, 1916.

In 1919 the reading public was shocked by the title of a book: "The First World War." Surely there would not be a second. After the second, the world understood the ruin wrought by the first. That included generalized disrespect for all authority — political, moral, spiritual — because so many authorities had sustained the four-year war of attrition. Democratic publics became hospitable to a semi-pacifism that encouraged the dictators who rose from the rubble of World War I.

In 1922 a British writer said: "The most bloody defeat in the history of Britain might occur on July 1, 1916, and our press come out bland, with nothing to show that we had not had quite a good day — a victory, really. Men who lived through the massacre read the stuff open-mouthed. So it comes that each of several million ex-soldiers now reads with that maxim on guard in his mind: 'You can't believe a word you read.'"

"Idealism perished at the Somme," says Mr. Taylor. And what produced this scorched social earth? Artillery, bayonets, bullets. No nuclear weapons were required, a fact worth pondering.

Jimmy Carter spoke in his inaugural address of "elimination of all nuclear weapons." Ronald Reagan says his deepest desire is elimination of nuclear weapons. That is a mistaken desire.

To deter with conventional forces the conventional forces of the totally militarized Soviet Union would require permanent conscription of wealth (nuclear weapons are relatively inexpensive) and young men on a scale that no democracy has been willing to suffer other than in wartime. Recently a U.S. senator mused on the difficulty of explaining to college audiences why nuclear weapons, although now too numerous, are not dispensable. He should say: If nuclear weapons were abolished, male undergraduates would find themselves headed not for the delights of investment banking but to army barracks on Europe's central front for the low-paying trade of deterring Soviet conventional forces.

"Conventional forces." The phrase has a soothing sound — until you remember what conventional forces did 70 years ago. They killed men one by one, but with a cumulative effect that was socially shattering. Nuclear weapons were not required. They are required today for the prevention of battles as ruinous as that of the Somme.

Washington Post Writers Group.

'It's a privilege to shake the hand of a freedom fighter!'

A New Metaphor of America Replaces the Pioneer Farmer

By Michael Barone

WASHINGTON — In the year after the Statue of Liberty was first unveiled in New York harbor, nearly half a million immigrants came to the United States, most of them sailing past the statue on their way to Ellis Island. Now, 100 years later, that journey — past the statue to the halls of Ellis Island, on the ferry to Manhattan and by streetcar, subway, train and car to the America beyond — has become a collective national memory.

Quietly, without hoopla until now, Ellis Island and the journey it represents

MEANWHILE

have replaced the Norman Rockwell small town as the metaphor of America — just as perhaps 100 years ago the small-town families that Rockwell was to bring to life replaced Jefferson's and Crèvecoeur's farmer clearing away the underbrush and plowing his field.

There are sound demographic reasons for this latest quiet change. Most Americans today are descended wholly or in part from the immigrants who came over in the huge rush that began with the Irish potato famine of the 1840s and ended when Congress wrote restrictive immigration laws in the early 1920s. A near majority of Americans is descended from immigrants who arrived after 1886. Most American families today have some memory of the Ellis Island experience, passed down and recounted, more or less accurately, with a tattered photograph of wary people dressed in the dark colors, thick cloth and exotic styles of other lands, ready to make their way upward in this new world.

Evidence for the dominance of the Ellis Island metaphor comes from the 1980 census, which asked Americans to volunteer in their own words their ancestry: the results confirm a tendency to identify with the most, not the least, downtrodden of one's ancestors.

More evidence comes from politics. The 1984 presidential election was the first in which the names of both major parties' nominees marked them as products of the 1840-1920 migrations. Ronald Reagan was the son of a Catholic-Protestant marriage in a Rockwellian small town. The Democrats' most memorable moment in 1984 was Mario Cuomo's keynote speech, the hero of which was an Italian immigrant who opened a grocery store near some railroad tracks in Queens in the depression and whose son was elected governor of New York.

The triumph of the Ellis Island metaphor comes after nearly two decades of revived immigration. The rapid upward mobility of Hispanics and Asians is a reminder that America is a land of opportunity, that those willing and able to work hard and hustle can within a few years live in houses with swimming pools in the San Fernando Valley.

Immigrants from Latin America and East Asia today, like immigrants from Western, Northern, Southern and Eastern Europe in 1840-1920, tend to be people who have already, before their journey, taken the first modest step of upward mobility — have moved from subsistence farming to a low-wage job in town, for example — and who are ready and eager to move several steps upward on the ladder when they reach America.

Two centuries ago, as the founders were getting ready to assemble in Philadelphia, America was, in historian Bernard Bailyn's words, "the exotic far western periphery, a marchland, of the metropolitan European cultural system." Since the torch rose above the harbor, America has become the center.

Its growing economy, its tolerance and civil liberties, its active government have created a society in which second-caste people from third-rate provinces become top-rank people in the number one country. The great-grandchildren of those wary people in tattered photographs now walk the corridors of Wall Street and the White House, of high-tech offices and great universities.

The quiet triumph of the Ellis Island metaphor reminds Americans of a reason for pride. There has been nothing in the history of the world like the progress of these immigrants.

The Washington Post.

LETTERS TO THE EDITOR

Real Story of Miss Liberty: Pulitzer and The World

re than 100 years ago, Joseph Pu- of the New York newspaper The raised private money for the with the torch. It was not govern- money that paid for her to have a to stand while her arm was in one ouse, her body in another and her n still another.

was not a gift from the govern- f France to the government of the States. She was a gift from the of France to the people of the States. The people of France money for Frédéric-Auguste Bar- to make the statue. His mother iberty's model.

United States government did ve her a leg to stand on. Mr. r, through his newspaper, raised s, nickels, dimes, quarters and from readers of The World. eds of thousands of children col- pennies in the street. The drive through the city when other apers, including The Tribune, The l, The Times and The Sun, also ed pennies.

keteers forged Liberty receipts to the money collected for the What she symbolized was forgot- warped by those con men. Mr. Pulitzer exposed their racket. Street fights erupted. Newsstands were smashed. Newspaper wagons were smashed. Every newspaper in New York helped to fight the racketeers. The light from her torch devoured them.

In 1952 I made a movie about the Statue of Liberty called "Park Row" — the New York street where, in 1886 (the year the statue was dedicated), most of the great newspapers were based. The movie showed how the people paid for the statue's foundation. It told the world that when we look at her in the bay she stands there not because of any government but because of a newspaper.

When the movie was shown for the first time at the Waldorf Astoria Roof at an annual convention of American newspaper publishers and editors, representing 1,772 newspapers, guests included former President Herbert Hoover and General Douglas MacArthur, who had just been fired by Harry Truman and was due to make his farewell address to Congress the next day.

As writer, director and producer of "Park Row," I was moved by President Hoover's reaction to the movie. He was emotional about the fact that we had the Lady on her feet because American people raised money to make it possible.

Also present was Herman Mergenthaler, son of Ottmar Mergenthaler, who invented the Linotype machine, the most important development in printing since Gutenberg — thus beating Mark Twain's dream to come out with a similar machine. Mr. Mergenthaler was so moved by the portrayal of his father in a movie about the rise of American journalism that he presented me with a bust of him. It was the brand-new Mergenthaler "blower-machine" Linotype that made the page one story in 1886 that the lady could now stand in the bay.

SAMUEL FULLER.
Paris.

Democratizing Pakistan

Regarding "Pakistan Speaker's Removal: A Blow to Political Tolerance," (Letters, June 16):

It is unfortunate that an "independent" member of the Pakistan Senate should chose to wash his dirty linen in the columns of an international newspaper. The assertion that the speaker's removal betrayed the government party's intolerance of dissent is wrong, in the sense that the role and some of the rulings by the speaker had recently become very controversial, and an overwhelming majority of the house voted against him in a democratic fashion.

The speaker, Fakhar Imam, had been methodically obstructing legislative moves designed to re-establish democratic institutions, transcending his role of an "independent" speaker by taking pot shots at the majority party's moves.

Democratization of Pakistan has to be achieved without loss of time. Mr. Imam's dismissal was a democratic decision for a more effective and smoother functioning of the National Assembly.

S.Z. KHAN.
Paris.

Forfeiting U.S. Nationality

Regarding "Some Dual Nationals Double Their Trouble While Some Halve It" (June 26) by Sherry Buchanan:

A dual national will not lose U.S. citizenship by serving in a foreign army, even if that army is hostile to the United States, unless the U.S. government proves that the individual intended to relinquish citizenship at the time of committing the expatriating act.

A U.S. citizen who voluntarily renounces or otherwise loses citizenship will be liable for U.S. taxes on income earned outside the United States for 10 years only if it is established that the purpose in giving up citizenship was tax avoidance. Noncitizens with income earned in the United States will be liable for taxes under U.S. tax laws, regardless of when the income was earned.

EDWARD S. GUDEON.
London.

Don't Finance Infanticide

Werner Fornos *(Letters, June 19)* mentions the "alleged" practice of forced abortion in China. He is evidently unfamiliar with Fox Butterfield's "China: Alive in the Bitter Sea" or with Steven Mosher's "Broken Earth: The Rural Chinese." Or, for that matter, with Michael Weisskopf's series in The Washington Post of Jan. 6 to 8, 1985.

Mr. Fornos' equivocation notwithstanding, the practice of forced abortion in China is no mere allegation but a well documented fact. Curiously, he appears to attach great significance to the denial of the practice by Beijing. Given the circumstances of the matter, it would indeed be surprising if that government undertook any other course.

It is, moreover, highly disingennous to compare apartheid to the support of Chinese abortion policy by the UN Fund for Population Activities. One need not be an admirer of Pretoria's policy to recognize a distinction between forced separation of races and the coerced extinction of unborn life. Whatever one may regard as the appropriate U.S. posture toward South Africa, the policies of the latter are most certainly not subsidized by the American fisc.

If *primum non nocere* is axiomatic in human relations, its logical corollary is to refrain from financial support of moral evil. It is this from which America, whatever the advisability of its policy in other respects, has abstained in the case of apartheid. And it is this Mr. Fornos would undertake in the case of abortion.

J. FRED HART Jr.
Fort Smith, Arkansas.

Not All the OPEC Ministers

Regarding the editorial "OPEC Is on Vacation" (July 2):

Contrary to the editorial's blanket statement that "all the oil ministers and their retinues departed in their yachts and private jets" from Brioni, Nigeria's oil minister, Rilwanu Lukman, traveled to Brioni by transport plane. He does not have a private jet or a yacht. I think you owe him an apology.

D.D. OBIKA.
Belgrade.

ope Assails Expulsion f Prelate by Managua

By Bradley Graham
Washington Post Service

GOTA — Pope John Paul II nounced Nicaragua's expul- f a Roman Catholic bishop as lmost incredible act" that s the dark ages of actions against the church, not far in time, that were believed me."

statement Saturday in the bian city of Medellín, the said he was "profoundly ed" by the *Sandinist* gov- nt's refusal to allow Pablo io Vega Mantilla, the bishop galpa and vice president of icaraguan Catholic Bishops' rence, to return from Hondu- Friday.

Sandinists have accused the of siding with the Reagan istration in support of rebel seeking to overthrow the ment in Managua. The bish- considered the most conser- and outspoken member of urch hierarchy in predomi- Catholic Nicaragua.

pope said that Nicaragua's "disturbed all children of urch and, even further, it also s all people sensitive to the of freedom and the respect to the fundamental rights of nd the citizen."

would very much like to he said, "that those respon- or this decision rethink the ness of such an act, which ntradicts repeated claims of e for a peaceful and respect- xistence with the church."

Vatican daily newspaper rvatore Romano called the ion of the bishop "one of the t acts of persecution that can lace in the life of the church," Associated Press reported Rome. The conferences of s of the United States, Italy and Spain also sent letters of protest.

[In Managua, President Daniel Ortega Saavedra said in an address to a crowd in La Libertad, in the bishop's parish, "Freedom of religion exists in Nicaragua and will continue. But freedom of religion does not mean one can conspire against the revolution with people of the counterrevolution, with Reagan's people, people of the CIA."]

The action marked the second Nicaraguan move in a week against the clergy. On June 28, the government blocked the head of Nicaragua's Catholic Radio, the Reverend Bismarck Carballo, from entering the country on his return from a *trip to Europe*.

The city of Medellín, where the pope spoke in Colombia, was the site in 1968 of a Latin American bishops conference that denounced the conditions of poverty under which many Latin Americans still live. The conference had appealed for sweeping changes in the social, economic and political structures of the region.

Many in Medellín had hoped the pope would illuminate recent Vatican efforts to define a form of "liberation theology" that both embraces the original movement, as developed and applied in Latin America, and attempts to curb it.

The pope did not use the term "liberation theology," nor did he explicitly mention the Christian "base communities" that are the grassroots cells through which liberation theology seeks to expand social awareness and galvanize poor neighborhoods. But his remarks were plainly intended to clarify the movement's place in official church life.

"I want to make a new call for social justice," the pontiff said. He affirmed the notion of a preferential option favoring the poor in Christian work. At the same time, he voiced concern that church activity aimed at correcting inequities between rich and poor not acquire a political or ideological character, nor operate without approval of the church hierarchy.

"The work of the church in favor of the neediest is a work that has always inspired the life of Christian communities," he said, stressing that support for the poor and opposition to injustice is nothing new in church doctrine.

Warning against such efforts evolving into political — especially communist — activity, the pope said that social action has been most appreciated by the poor "when interests of an ideological or political character are not mixed in."

"Attitudes that do not conform with the evangelizing mission of the priesthood," he said, "will do damage to the community and hurt the integrity" of the church.

The pope also ruled out violence to correct social imbalances, arguing instead for "collaboration and dialogue." He added, "The experience of centuries has shown that violence generates greater violence and is not the appropriate road toward true justice."

The pope suggested that church initiatives for the poor are a defense against the rise of leftist political movements that claim to represent the rights of the oppressed. "The church cannot in any way let any ideology or political current carry away the banner of justice," he said.

The pontiff also urged developed countries to place less emphasis on their own production and more on cooperating with developing nations to find "real and effective solutions to serious problems that each day assume more worrisome proportions and whose victims are almost always the weakest."

The Associated Press

Pope John Paul II arriving to celebrate a Mass at Medellín.

In a ceremony that lasted only about 10 minutes because of fears of a new eruption, the pope said, "May there rise up, as if out of ashes, a new city of your sons and brothers, where brotherhood will reign, where families will be renewed, the tables laden with bread and the homes and fields filled with song."

■ **Ceremony at Armero**

As a military trumpeter sounded taps, the pope knelt Sunday at the foot of a towering concrete cross in Armero and prayed for the more than 22,000 people who died here Nov. 13 in a volcanic eruption.

Anglicans Refuse Women Priests

The Associated Press

YORK, England — The Church of England's policy-making General Synod has refused to allow women priests ordained abroad to conduct services in England, despite support for the proposal by the archbishop of Canterbury, Robert Runcie.

Saturday's vote on a motion before the synod's regular summer session was a setback in an 11-year campaign to admit women to the priesthood of the state church.

About 750 women have been ordained in nine of the 27 provinces of the 70 million-member Anglican Communion worldwide, but the Church of England, the mother church, has consistently resisted the change.

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Supreme Court Examines Its Mandate

Recent Rulings Indicate Discord on Its Role and on Law

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — Handing down major decisions last week on homosexual relations, gerrymandering and affirmative action, among others, the U.S. Supreme Court also had important things to say about its role in governing the nation.

Important, but deeply discordant — and, some said, inconsistent.

In the face of the most determined push by any administration in 50 years to curb the power of judges to set social policy, the court dealt a major defeat to the Reagan administration in two affirmative-action cases. But in those, as in some of the other hard cases, it could achieve no consensus on what the law is or what its own mission should be.

The court's ambivalence about what the law is was evident once again in its reluctant embrace of affirmative action.

A solid majority of the court rejected the major premise of the administration's civil rights policies — that court-ordered racial preferences in hiring and promotion are illegal except to benefit individuals who were personally victims of discrimination.

A solid majority also stressed that judges should impose affirmative action only as a last-resort remedy for "egregious" discrimination, and renounced rigid "quotas."

But the 5-4 vote in a case involving a New York City sheet metal workers' local upheld a court-ordered 29.23 percent "goal" for minority membership in the union. And a 6-3 vote in a case involving firefighters in Cleveland gave lower courts broad latitude to approve consent decrees that include racial preferences.

The court's ambivalence about what its mission should be was encapsulated in two decisions handed down together, both announced by Justice Byron R. White.

In one, the court took a narrow view of its role in protecting privacy, ruling, 5-4, that the U.S. Constitution does not protect homosexual relations between consenting adults, even in their own homes, from prosecution.

NEWS ANALYSIS

In the other, it assumed, in a 6-3 ruling, the power to obliterate election districts anywhere in the nation if a dominant political party in a state legislature has drawn them so as to "consistently degrade" its rivals' voting strength.

Both cases raised in its starkest form a question that lies in the background of every constitutional decision: What mandate has a group of nonelected, life-tenured judges to strike down democratically enacted laws?

None at all, Justice White said, when no more is at stake than the interest of homosexuals in conducting their intimate relationships as they please. His majority opinion upheld, as applied to homosexuals, a Georgia law making any oral or anal sex a criminal offense.

Whether such laws "are wise or desirable" was beside the point, he said. "The court, he said, "is most vulnerable and comes nearest to illegitimacy when it deals with judge-made law."

But in the gerrymandering case, *Justice White abandoned judicial* restraint for a bold new judicial incursion into what he called the "most political of legislative functions," the drawing of election district lines.

While the court upheld, 7-2, the specific Indiana redistricting plan in the case, Justice White led the way in asserting the power to decide such cases.

He used the traditional process of extending the logic of precedents step by step into new frontiers. The building blocks were the court's "one person, one vote" decisions and those banning racial gerrymandering.

Justice White's technique was remarkably similar to the arguments made in the Georgia case — by the four dissenters — for extending to homosexual relations the court's protection of sexual privacy. Indeed, all four joined him in asserting judicial power over gerrymandering.

Justice White, writing for the majority, embraced judicial restraint in one case last week, but asserted new powers for the court in another.

UPI

Byron R. White

God Rest Ye Merry, Gentlepersons

Los Angeles Times Service

LOS ANGELES — When a national committee the United Methodist Church compiled a new tion of the church's hymnal, it found "Onward ristian Soldiers," with its marching beat and ortation to battle for Jesus, too militaristic. So the committee voted it out, together with other hymn that refers to warfare, "Battle Hymn the Republic."

But after a crescendo of protest from thousands church members, the committee last week ced to put the hymns back in.

Militarism was not the only target as the committee scanned hymns for the 9.1 million-member ited Methodist Church.

"Good Christian Men, Rejoice," and "God Rest Merry, Gentlemen," will be changed because they are too sexist. "Faith of Our Fathers" was not cut, but a footnote will suggest that "martyrs," "mothers" or "ancestors" may be substituted for "fathers."

The Methodists were only the most recent of a number of denominations, including the Episcopal, Lutheran, Christian Reformed and Churches of Christ, whose hymn committees have discovered that revising a hymnal can bring unexpected complications.

The Churches of Christ in February adopted its first completely revised hymnal in a half century, aiming the songbook at a more urban audience by eliminating hymns with strong rural images. Thus, "Bringing in the Sheaves" was dropped.

"We are a city people; we need city hymns," said the music editor, Jack Boyd.

Jagjivan Ram, India Nationalist, Dies at 78

The Associated Press

NEW DELHI — Jagjivan Ram, 78, a leader in India's independence movement, died Sunday, United News of India reported. He had been hospitalized since May with severe respiratory problems.

Mr. Ram was imprisoned several times during the civil disobedience movement that led to India's independence from Britain in 1947 and served as the country's first labor secretary.

He was secretary of defense during the 1971 war between India and Pakistan, which led to Bangladesh's independence.

Mr. Ram resigned from Prime Minister Indira Gandhi's cabinet and her Congress Party in 1977 to protest the declaration of a national emergency in which democratic procedures were suspended. He later became the leader of a breakaway group, the Congress (J) Party.

Marie-Louise Point, 87, Owner of La Pyramide

VIENNE, France (AFP) — Marie-Louise Point, 87, owner for more than half a century of one of France's most celebrated restaurants, has died at her home.

Mrs. Point and her husband, Fernand, bought a small country inn in this southern village in 1930 and started the restaurant La Pyramide, which won the Michelin guide's coveted three-star award in 1935. It was a favorite haunt of celebrities before World War II, and some of today's most renowned chefs, including Paul Bocuse, trained there.

SPORTS

Navratilova and Inevitability

By Peter Alfano
New York Times Service

WIMBLEDON, England — This is an era when an air of inevitability hangs over Wimbledon's Center Court for the women's singles final. Fans cannot help but think the match itself is just part of some elaborate ceremony ending with Martina Navratilova's raising the treasured trophy above her head. There have now been seven such moments in Navratilova's career — five in succession.

It is not her fault that Wimbledon is a two-week exercise in futility for 127 aspiring women who only dream about winning. Navratilova should not be blamed for depriving the all-England Lawn Tennis Club of the suspense found in a Sherlock Holmes movie and seen here in most men's singles finals.

At Wimbledon, she is about as perfect as a player can be. "What she has done is unbelievable," Hana Mandlikova said. "What can you say? No one else can do it."

Navratilova won her seventh Wimbledon singles title Saturday by defeating Mandlikova, 7-6, 6-3. She overcame some early jitters and Mandlikova's uncanny return of serve to win routinely. Suzanne Lenglen is the only other woman to win five in succession; Helen Wills Moody, who won eight singles championships overall, is the only woman who has won more than Navratilova.

In those five straight finals, Navratilova lost only two sets.

During the week, she talked about how she had never lost a Wimbledon final and wondered how she would react if she did. But as she came closer to her goal, Navratilova said she dismissed all negative thoughts and envisioned only victory.

"I could see myself holding the trophy," Navratilova said. "I've never been so excited about being in a Wimbledon final. On Friday, I wanted to go to sleep just so I could get up. Then, I saw it was raining and thought, 'Oh, no.' But I thought even if I had to wait until Sunday, I could stay psyched up enough for the match."

The rain abated long enough for the match to be played, which usually doesn't take more than an hour for Navratilova (it took her an hour and 12 minutes this time). Then it rained again, hard enough to suspend doubles play.

The players said there was some mist to contend with during the opening set, which made the grass slick and the footing treacherous. The baselines were especially slippery and Mandlikova changed her shoes for better traction. Navratilova wiped her glasses several times.

Navratilova was broken in the second game when Mandlikova sliced a backhand service-return winner and a cross-court passing shot that landed on the line. Mandlikova held serve easily until the ninth game, when she led, 5-3, and was serving for the set. It would be the turning point in the match.

At 15-15, Navratilova volleyed deep on her forehand and Mandlikova sent a forehand over the baseline. Then Navratilova hit an angled volley winner, making it 15-40. She broke on the next point, hitting a backhand volley winner cross court.

The set was back on serve, but the mood suddenly changed. Navratilova looked more formidable now, smacking her palm against the strings of her racket, gesturing after hitting winners, smiling when looking up at the player's box, where her parents, sister, coach, Mike Estep, and her friend Judy Nelson sat.

Mandlikova shrugged off the squandered opportunity and forced a tie breaker, but lost it, 7-1, as Navratilova was simply overpowering on her serve.

"I felt strong but she served so well," Mandlikova said. "And the balls got very heavy in the wet grass and rain. She has more power and can hit the ball harder than me."

Because this was the 100th Wimbledon championships, the oldest living female singles champion, Kitty Godfree, who is 90, presented Navratilova with the challenge trophy (which is actually a plate).

The players do not keep the plate but are given silver replicas. "I keep them on my mantelplace in my bedroom," Navratilova said. "I want a set of eight."

Dave Caulkin/The Associated Press

The winner: "I've never been so excited about being in a Wimbledon final."

Becker Beats Lendl in 3 Sets to Keep Title

By Bob Greene
The Associated Press

WIMBLEDON, England — West German Boris Becker cranked his power game up another notch Sunday to defeat Ivan Lendl, 6-4, 6-3, 7-5, and retain the men's singles at the 100th Wimbledon tennis championships.

"A man, a young man, a boy — whatever you want to call him," said Lendl of the 18-year-old winner, "call him champion."

WIMBLEDON FINAL

Becker thrilled the Center Court crowd of 19,807 with 15 aces and, in the clinching game, with a cross-court backhand volley just after he tumbled at the net.

The victory in the world's most prestigious grass-court tournament was worth $196,000 and made Becker the youngest player ever to reach the million-dollar mark in career tennis earnings.

"All during the tournament," said Becker, "I felt very good out there. It seems to be my court."

"This match had everything," he said — "the defending champion against No. 1. To win in three straight is a pretty good feeling."

The victory wasn't as overpowering as the set scores indicate, but when he needed them, Becker could reach back for an ace, a service winner or a winning volley.

Lendl, the reigning U.S. Open and French Open champion making his first appearance in a Wimbledon final, won only nine fewer points than Becker on Sunday.

Lendl took the early lead, breaking Becker in the fifth game of the match from deuce, the final point a running backhand down-the-line screamer from behind the baseline. But Becker broke right back — and broke once again, this time at 30, to capture the first set.

Becker began the second set with three consecutive aces, his eighth, ninth and 10th of the match. When Lendl hit a backhand service return wide, Becker had completed a love game.

He took the only service break of the set, in the eighth game, by zipping an inside-out forehand service return that Lendl volleyed long. That made it 5-3, and Becker closed out the set with another love game.

But Lendl wasn't ready to concede. He held at love to begin the third set and broke in the second game (winning the final four points after Becker had taken a 30-love lead). When he held serve at 15, Lendl had a 3-0 lead and looked as if he would at least force a fourth set.

But Becker stiffened. "You can't describe it," he said. "You just do it. There's no book to tell you how to do it."

He broke Lendl in the seventh game to put the set back on serve. In the 10th game, he fell behind by love-40 as Lendl, ripping forehands and backhands from deep in the court, found the passing lanes. Lendl had triple set point and the crowd pulling for him.

Becker saved the first one with a backhand volley deep into a corner. He closed off the second with a cross-court forehand volley. And when he put away a backhand volley off another attempted passing shot, he was back at deuce.

Becker said that at love-40 he "made a very good guess at the net and made a point. Then I made another good guess at 15-40 and got another point. And then I saw a little bit in Ivan's face that he didn't know what to do any more to pass me on the big points, and that helped me a lot."

Becker boomed an ace to take the ad point. And he held to level, 5-5, with a service winner.

Becker broke in the 11th game, at 30, when Lendl's backhand volley was just wide. The young right-hander wrote his name into the history books for the second straight year when he held his service at 30 to close out the match after two hours and three minutes.

He did it in his typically acrobatic fashion. With the score 15-30, Lendl thought he saw room down the line and rocketed a forehand. Becker launched himself to his left, stretched fully in the air and landed on his stomach.

The ball hit the top of the net and bounded into the air, but Becker, rising to one knee, had enough racket control to flick a cross-court backhand to win the point and a roar from the crowd.

"You can't say after just two weeks that I am the best tennis player in the world," Becker said. "You have to see after a year, and so far Ivan was the best player this year.

"If you're talking about on grass to win Wimbledon twice in a row you have to play pretty well on grass."

Peter Kneffel/Reuters

Boris Becker: "You can't describe it. You just do it."

Indians Bomb Saberhagen as Royals Lose 8th Straight

Compiled by Our Staff From Dispatches

CLEVELAND — The world champion Kansas City Royals and World Series hero Bret Saberhagen have fallen on hard times.

The Royals tied a club record by absorbing their eighth consecutive defeat here Saturday, losing to the Cleveland Indians, 10-5, as Joe Carter hit two home runs and Cory Snyder, in only his 20th major-league game, hit his seventh.

Cleveland stretched its winning streak to six games and Ken Schrom won his sixth straight start by scattering eight hits, including two homers by Jorge Orta and one each by Frank White and Steve Balboni.

Meanwhile, Saberhagen, the 1985 American League Cy Young Award winner, dropped his fourth straight and slipped to 4-10. His earned-run average is 11.25 during those four starts and 4.51 for the season. He allowed seven runs and seven hits in his 3⅓ innings.

Kansas City also lost eight straight in 1971, 1974 and 1980; all the losses on its current streak have come on a road trip, which was to end Sunday.

Snyder's fifth home run in seven games tied the score 2-2 in the second inning, and Tony Bernazard's run-scoring single put the Indians ahead to stay. Carter's 13th homer of the year made it 4-2 in the third (and gave Carter at least one hit in 40 of his last 44 games); he homered again in the sixth.

"I'm not concerned," Saberhagen said. "Just a little frustrated. I didn't have my breaking stuff working, and I got hurt. I can't change my routine. I had the same routine last year when I was winning."

Mariners 9, Red Sox 5: In Boston, Dave Henderson's two-run double broke a 3-3 tie in the seventh, helping Seattle beat the Red Sox for the first time in seven meetings this season.

Yankees 8, White Sox 0: In Chicago, Dennis Rasmussen pitched a three-hitter and, with four home runs behind him, breezed to his first major-league shutout. It was Rasmussen's second complete game of the season and only his fifth in 56 career starts.

Blue Jays 7, Angels 3: In Toronto, Cliff Johnson, Tony Fernandez and Garth Iorg all drove in two runs apiece to support the combined two-hitter by Jim Clancy and Tom Henke.

Twins 7, Orioles 6: In Minneapolis, Gary Gaetti's first-inning grand-slam homer started Minnesota on its way. Winner Frank Viola struck out six and walked two in his 19th start of the season, tops in the league.

Rangers 9, Tigers 3: In Arlington, Texas, Pete O'Brien, Pete Incaviglia and Larry Parrish all homered in the fourth, tying a franchise record and leading Texas to its fourth straight victory.

Brewers 2, A's 1: In Milwaukee, rookie Dale Sveum capped a two-run rally in the ninth with a run-scoring single as the Brewers handed Oakland its seventh consecutive loss. Eric Plunk took a two-hit shutout into the ninth for the A's, but he gave up a leadoff single to Ben Oglivie, a walk to Billy Jo Robidoux and a one-out single by Rick Manning, tying the score. Sveum's single to left field off reliever Steve Ontiveros drove in pinch runner Bill Wegman.

Cubs 3, Padres 2: In the National League, in Chicago, Jody Davis hit a home run with one out in the ninth to edge San Diego for the Cubs.

Expos 12, Braves 5: In Atlanta, pitcher Bryn Smith had three hits, including a three-run homer, and Tim Wallach went 4-for-5 with two home runs to lead Montreal's pasting of the Braves. Smith, who was 0-for-29 going into the game, hit the second homer of his career to cap a four-run fourth.

Astros 2, Mets 1: In New York, Denny Walling's pinch single with one out in the ninth scored Glenn Davis from third base to help Houston break the Mets' eight-game winning streak.

Cardinals 7, Giants 4: In San Francisco, pinch-hitter Jose Oquendo drove in the tie-breaking run in the 10th with a bases-loaded grounder and Ozzie Smith tripled in two insurance runs that enabled St. Louis to end an eight-game losing streak.

Pirates 5, Dodgers 0: In Los Angeles, a three-run homer by Barry Bonds supported Bob Walk's four-hit pitching as Pittsburgh handed the Dodgers their 10th defeat in 12 games.

Reds 7, Phillies 2: In Philadelphia, Chris Welsh threw his first complete game in nearly four years and added his first major-league home run as Cincinnati downed the Phillies. Welsh scattered five hits in raising his record to 3-2. He homered in the eighth off Don Carman. *(AP, UPI)*

SATURDAY BASEBALL

Bill Janscha/The Associated Press

Tiger shortstop Alan Trammell cut off a second-inning throw from left field Saturday night and tagged out baserunner Steve Buechele, but the Rangers won their fourth straight, 9-3.

Last Year's National League Titlists Bumble Their Way to Midpoint '86

United Press International

NEW YORK — The Fourth of July brought anything but a holiday mood for last year's National League division winners.

At the traditional halfway point of the major-league season, the East champion St. Louis Cardinals were 23 games behind, hopelessly out of the race, and the West champion Los Angeles Dodgers were last in their division.

Rafael Belliard and Jim Morrison each contributed a two-run single Friday night as the Pittsburgh Pirates capitalized on Fernando Valenzuela's early wildness to beat the Dodgers, 6-4, in Los Angeles.

Valenzuela allowed just five hits and struck out seven in eight innings, but he gave up all five of his walks in the second and third innings and three of the batters he walked scored.

"In the first inning I was hitting the corners," said Valenzuela. "In the second, the batters hit the ball better."

Giants 6, Cardinals 1: In San Francisco, rookie Randy Kutcher had a home run and a two-run single to back Mike LaCoss's five-hit pitching against St. Louis.

Angels 9, Blue Jays 1: In Toronto, Don Sutton, 41, threw a four-hitter for his 302d victory as California won easily. Toronto starter Dave Stieb, who last year lead the AL with an earned-run average of 2.48, lasted only four innings. He allowed five runs on five hits — two home runs — walked four and hit a batter as his ERA ballooned to 5.78.

Orioles 12, Twins 7: In Minneapolis, Fred Lynn homered twice and drove in five runs for Baltimore.

Red Sox 6, Mariners 5: In Boston, Dwight Evans homered for three runs and Rich Gedman for one, all in the fourth inning, against Seattle.

Brewers 5, A's 4: In Milwaukee, Ernest Riles's check-swing single scored Robin Yount from second in the eighth inning to beat Oakland.

Rangers 2, Tigers 1: In Arlington, Texas, Larry Parrish homered and Greg Harris got his 15th save before the second-largest crowd in Arlington Stadium history, 42,485.

White Sox 2, Yankees 1: In Chicago, John Cangelosi tripled and scored on Ozzie Guillen's sacrifice fly in the bottom of the eighth to beat New York.

FRIDAY BASEBALL

Mets 2, Astros 1: In New York, Lenny Dykstra's seventh-inning double scored Rafael Santana from second and Dwight Gooden held Houston to five hits.

Reds 4, Phillies 1: In Philadelphia, Tom Browning did not allow a hit for 6⅔ innings and Cincinnati teammate Bo Diaz doubled in one run and scored another.

Expos 11, Braves 5: In Atlanta, Floyd Youmans allowed only five hits for eight innings and Mike Fitzgerald drove in four runs for Montreal.

Padres 2, Cubs 1: In San Diego, pinch-hitter Bruce Bochy homered with two out in the bottom of the ninth to beat Chicago.

Indians 10, Royals 3: In the American League, in Cleveland, 47-year-old knuckleballer Phil Niekro pitched an eight-hitter for his 305th victory in the majors, beating Kansas City before a crowd of 73,303, the largest crowd in the majors this year. Niekro tied Hall of Famer Eddie Plank for 15th place on the all-time victory list.

SPORTS BRIEFS

Kristiansen Lowers Record in 10,000

OSLO (AP) — Ingrid Kristiansen smashed her own world record in the women's 10,000 meters with a time of 30 minutes, 13.75 seconds at the Bislett Games track and field meet here Saturday.

Kristiansen improved her record by a whopping 45.67 seconds. The 30-year-old Norwegian set the previous mark of 30:59.42 in last year's Bislett Games.

"It was easy to run today. I got a nice rhythm from the start and the crowd was fantastic," said Kristiansen, who was cheered on by a sellout crowd of 20,000.

Kristiansen started at a devastating pace and was eight seconds under the record after 400 meters. She left second-placed Aurora Cunha of Portugal, who finished in 31:29.41, after 3,200 meters and was alone from then on.

Morten Hvaal/AP

Ingrid Kristiansen.

Entire Italian Soccer Council Resigns

FLORENCE (UPI) — The entire ruling body of Italian soccer resigned abruptly late Friday. Following a meeting of all 19 members of the federal soccer council, President Federico Sordillo said that Franco Carraro, president of national Olympic committee, had agreed to step in as acting commissioner.

Sordillo cited "the impossibility of the ordinary organs to continue managing the soccer federation in consideration of a series of concomitant internal and external facts."

Italy was eliminated in the second round of the recent World Cup finals; investigations of a lottery betting scandal have begun, and under review is the policy on foreign signings with first-division clubs.

Mansell Winner of French Grand Prix

LE CASTELLET, France (AP) — Driving a Williams-Honda, Briton Nigel Mansell won Sunday's French Grand Prix, his third victory in eight Formula One races this season. Frenchman Alain Prost, second in a McLaren-TAG Porsche, took the lead in the driver standings with 39 points; Mansell has 38.

Mansell completed the 80 laps in 1 hour, 37 minutes and 19.272 seconds. He averaged 116.85 mph (188.062 kph). Prost finished 17.1 seconds behind.

Third in a Lotus-Renault, Nelson Piquet overtook Prost's teammate Keke Rosberg of Finland nine laps from from the end. Brazilian Ayrton Senna crashed out on the fourth lap in his Lotus-Renault but remained third overall with 36 points.

Australia Defeats Argentina in Rugby

BRISBANE, Australia (AP) — Australia's national rugby team piled up a 30-3 lead in the first half and finished comfortably on top, 39-19, against Argentina here Sunday. A second test match will be played Saturday in Sydney.

Center Brett Papworth (twice), wing Peter Grigg and fullback David Campese scored tries for Australia. Flyhalf Michael Lynagh equaled his recent Australian test record of 23 points with five penalty goals and four conversions. Argentina's Juan Lanza, Fabian Turnes and Diego Cuesta Silva scored tries, and Hugo Porta kicked a penalty goal and two conversions.

Watson, Knox Hartford Golf Leaders

CROMWELL, Connecticut (AP) — Tom Watson and Ken Knox shared the lead by one stroke after Saturday's third round of the Greater Hartford Open golf tournament.

The leaders were at 202; Watson, seeking his first PGA tour tournament victory in two years, shot a 1-under-par 70, while Knox had a 67. Tim Simpson, whose 66 on Friday had given him a two-stroke lead over Watson, blew to a 74. A 66 put Paul Azinger into a third-place tie at 203 with Roger Maltbie (a third-round 70). With Simpson at 204 were Chip Beck (a 65) and Jim Dent (76).

For the Record

Panamanian Hilario Zapata retained his World Boxing Association flyweight title with a unanimous 15-round decision over Dodie Boy Penalosa of the Philippines Saturday in Manila. Zapata is 33-1-5 lifetime; Penalosa is 20-2. *(AFP)*

Karl-Heinz Rummenigge, captain of the West German soccer team, 30, is eight games short of the record 103 West German international caps held by former captain Franz Beckenbauer, the current manager. *(AFP)*

AREA MANAGER – MIDDLE EAST

One of the world's largest liquor companies is seeking a self-motivated executive as Area Manager responsible for the marketing of their brands in the Middle East.

The successful candidate, who must have experience of the marketing of consumer goods in the Middle East will be based in Greek Cyprus. Applicants should be 30-35 years of age with English as their mother tongue. The ability to communicate in French and Arabic would also be an advantage.

Salary and benefits (which include car, pension, home leave and medical insurance) will be commensurate with the responsibilities involved.

Interested applicants are invited to telephone Mr. M. Neal between 9am and 6pm on Lisbon 668063/4 or write to him at the following address:

Calc. Marques de Abrantes 68,
1200 Lisbon,
Portugal.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
EUROPEAN CONSULTANCY	Excellent	Coopers & Lybrand.
CONSEILLER JURIDIQUE	319.000 F/an	O.C.D.E.
DIRECTOR		Major U.S. diversified manufacturer
SYSTEMS ENGINEER		A.D.N.O.C.
FUEL TRADER	Competitive	Established company
ADVERTISEMENT DIRECTOR	Negotiable	South Publications Ltd.

If you haven't seen last week's **INTERNATIONAL POSITIONS** rubric, please ask for a free copy: Max Ferrero,
INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France.
Tel: (1) 46.37.93.81. Telex: 73595

SPORTS

Sets to Keep

A Fleeting Moment of Touring Glory

First U.S. Team's Member Rides Into the Lead

By Samuel Abt
International Herald Tribune

ST.-QUENTIN-EN-YVELINES, France — Although a day late for the Fourth of July, the first U.S. team to ride in the Tour de France set off fireworks Saturday.

Alex Stieda of the 7-Eleven team dominated the first of the day's two stages of the world's most prestigious bicycle race and captured the yellow jersey of overall leader. Although the glory was short-lived — the jersey faded badly in the second stage and Stieda had to relinquish the jersey — still, for a few hours, the 25-year-old Canadian riding for the U.S. team was the first North American in the 83 years of the Tour de France to wear the yellow jersey.

Early in the stage, from Nanterre to Sceaux through the suburban sprawl west of Paris, Stieda set off on a breakaway. Before he was caught, he had won enough bonus sprints and climbs to wind up with five jerseys. In addition to the one for overall leader, they were the white one, for best young rider; the red one, for leader in bonus sprints; the polka-dot one, for best climber, and the patchwork one for best all-around rider.

"Just super, wonderful — unbelievable," Stieda said after his 53-mile (85-kilometer) stint. "I just went as hard as I could as long as I could." He was caught six miles from the finish but hung on to take fifth place in the 110-man field.

In the afternoon stage, a 31-mile team race against the clock that took the riders from Meudon to St.-Quentin-en-Yvelines, 7-Eleven finished next to last in the 21-team field. It came in more than six minutes behind the victors, the Système U team, and beat only Café de Colombia.

Twelve riders, none of them of major importance, were eliminated from the race for finishing later than the time limit established by Système U's clocking. For a while it appeared that Stieda might be among those disqualified, but he struggled in within the limit. He yielded his yellow jersey to Thierry Marie of Système U.

"Stieda was shot, wasted," explained a teammate, Davis Phinney. "We were fighting a strong headwind, and after 20 kilometers he had nothing left after his ride this morning."

Stieda, a resident of Vancouver who is a first-year professional racer, finished three minutes behind his team, which slowed to his pace for nearly half the race before leaving him behind. For much of the time trial, Stieda was last man in the team formation, just hanging on, and he finished the day in 116th place overall.

In the morning, he had been much stronger. "I was going for the first bonus sprint," he said, "and even though I wasn't with the leaders I was close enough to the front to take off." Ninety-six bonus sprints are distributed around the 2,530-mile race to enliven dull stretches by offering time reductions of up to 12 seconds.

"When I got a little ahead," Stieda continued, "I noticed nobody was chasing me. I guess they figured I wasn't worth it."

Although never more than two minutes ahead of the pack, he kept his lead for 37 miles and swept three bonus sprints and two hilly climbs, knocking 36 seconds off his overall time.

He gets to keep all his jerseys for his trophy case, of course, and on Sunday still had a choice of which to wear as the race resumed.

But the yellow one, the jersey all riders covet, was being worn by somebody else.

Lionel Cironneau/The Associated Press

Alex Stieda was a happy man donning overall leader's yellow jersey.

British, Irish Win Top Prizes at Henley

Compiled by Our Staff From Dispatches

HENLEY-ON-THAMES, England — The British national eight Nautilus defeated the University of Pennsylvania crew by three-quarters of a length Sunday to win The Grand Challenge Cup at the Henley Regatta, and an Irish crew, Neptune, defeated the Harvard University freshman boat in the final of the Ladies' Challenge Plate.

Boats from the Charles River Rowing Association of Boston won the Double Sculls Challenge Cup and the Wyfold Challenge Cup for fours. The fours beat the Nottingham Rowing Club from England by 4½ lengths and the double scull of Jeff Parks and Dan Chernoff defeated Rob Luke and Lewis Hancock, from the Llandaff and Derwent rowing clubs in Britain, by 3½ lengths.

A U.S. crew lost in a third final when Belmont Hill School of Belmont Hill, Massachusetts, was beaten by a half-length in the Princess Elizabeth Challenge Cup by the defending champion, Hampton School of England.

There was an upset in the Diamond Sculls Challenge Cup final when the Danish international Bjarne Eltang, giving away 44 pounds (19 kilograms), defeated Steve Redgrave of Britain, the defending champion.

The Ridley Boat Club from Ontario, Canada, won the Steward's Challenge Cup for fours by a half-length over the defending champion, the University of London's Tyrian Boat Club. The time of 6:41 broke the course record by three seconds.

In The Grand Challenge Cup, Penn started off as an underdog against Nautilus but led for half the race.

"Perhaps they floundered a little when Nautilus went past them," said the Penn coach, Stan Bergman. "It would have been easy to say, 'There goes a national eight,' and quit, but they battled really well to keep in touch."

Nautilus, trailing by a half-length, made its move shortly after the three-quarter-mile (half-kilometer) mark. Although Nautilus then took a lead of one length, Penn was closing at the finish.

The Harvard freshmen fought back even more against the Irish crew Neptune. The freshmen trailed by three-quarters of a length at the three-quarter-mile mark, but as the finish drew near the boats were racing nearly bow to bow before Neptune pulled away to win by two-thirds of a length.

Neptune was warned four times for faulty steering and Harvard once found itself within a few inches of the boom and had to move out again.

"I had problems with the wind and didn't steer as well as I should have," said Harvard cox Chauncey Wood. "That affected the set, the run and the efficiency of the boat."

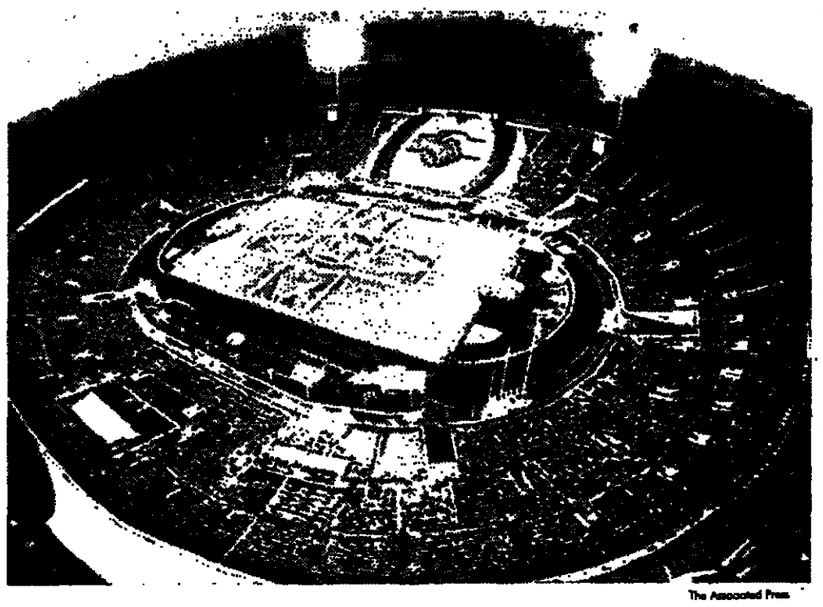
His coach, Ted Washburn, said Wood was "being overly self-critical. The whole crew did everything they could and rowed as well as they ever have before."

On Saturday, Pennsylvania easily beat a French national crew while Nautilus convincingly defeated the University of Wisconsin, the U.S. national collegiate champion.

The race that generated the most emotion on Saturday occurred in the Ladies' Challenge Plate, where Harvard's undefeated freshmen staged something of an intersquad scrimmage with Harvard's junior varsity. Because of a change in eligibility restrictions, all the collegiate U.S. eights not racing in the Grand Challenge Cup were forced to compete in the Ladies Plate. Complicating the situation, both of Harvard's eights were placed in the same half of the draw, producing this River Thames race-off far from home, where the crews have raced each other many times this season.

The freshmen won going away this time, besting the upperclassmen by three-quarters of a length in the time of 6 minutes 35 seconds.

In the Princess Elizabeth Challenge Cup for schoolboy eights, Belmont Hill School defeated South Kent School of Kent, Connecticut, by more than five lengths. *(AP, NYT)*



The Associated Press

Two-Hour Spectacle Officially Opens Goodwill Games

A crowd of 184,840 in Moscow saw the opening ceremonies of the Goodwill Games on Saturday night. During a two-hour extravaganza of dance, athletics and elaborate pageantry, Mikhail S. Gorbachev, the Soviet leader, and other members of the Politburo presided over a demonstration by some 21,000 well-drilled children, folk dancers, clowns, singers, actors and athletes. A tableau created by thousands of cards in the center of the vast Lenin Stadium constantly changed displays, from a red flag bearing Lenin's face to an ornate picture of three Russian knights on horseback.

Royals Lose 8th Straight

SPORTS BRIEFS

Auto Racing

Tennis

Golf

SCOREBOARD

Baseball

Today's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

[illegible] 013 020 240—12 15 1
[illegible] 002 005 000— 7 11 1
[illegible]ezor, Snell (6), Havens (6), Acee (7) and [illegible]ossey; Anderson, Portugal (4), Jack-[illegible]; Pastore (7), Atherton (8), Davis (9) and [illegible]diner, Salas (8). W—Havens, 3-1. L—[illegible], 2-1. Sv—Acee (21). HRs—Baltimore, [illegible] (11), Ripken (10). Minnesota, Gaetti (19).

[illegible] 000 000 022—2 7 2
[illegible] 000 400 30x—4 14 0
[illegible]s, Reed (8) and S.Bradley, Kearsey [illegible]ers, Sambito (8). W—Sellers, 2-3. L—[illegible] 0-3. Sv—Sambito (8). HRs—Seattle, [illegible]l (12), Presley (17). Boston, Evans [illegible]man (5).

[illegible] 001 000 000—1 5 0
[illegible] 100 000 01x—2 6 0
[illegible]bury and Hassey; Dotson and Fisk. [illegible]on, 7-7. L—Tewksbury, 5-3. HR—New [illegible]sdorado (17).

[illegible]City 001 000 002— 3 8 0
[illegible]d 302 202 00x—10 15 0
[illegible]n, Gubicza (4), Quisenberry (7) and [illegible]; Nietro and Bando. W—Nietro, 5-6. [illegible]hon, 4-6. HRs—Kansas City, Sundberg [illegible]eland, Snyder (6), Thornton (12).

[illegible]a 000 232 200—9 11 0
[illegible] 010 000 000—1 9 2
[illegible] and Boone; Stieb, Acker (5), Lamp [illegible]whitt. W—Sutton, 7-5. L—Stieb, 2-9. [illegible]ifornia, Howell 2 (2). Toronto, Bell [illegible]

[illegible] 000 010 000—1 5 0
[illegible] 000 200 02x—2 11 1
[illegible]and LaParrish; Guzman, Harris (6) [illegible]ht. W—Guzman, 9-8. L—Harris, 7-6. [illegible]s (15). HR—Texas, LaParrish (13).

[illegible] 021 000 000—4 10 0
[illegible] 000 121 01x—5 13 1
[illegible] Bair (6), Ontiveros (8) and Tettle-[illegible]uero, Gibson (5), Plesac (8) and [illegible]—Plesac, 5-5. L—Bair, 0-2. HR—Oster [illegible]er (3).

NATIONAL LEAGUE

[illegible] 000 000 100—1 5 1
[illegible]x 100 000 10x—2 5 0
[illegible] Andersen (6), Smith (7) and Alizer-[illegible]ron and Carter. W—Gooden, 10-3. L—[illegible]4. HR—Houston, Bass (12).

[illegible] 100 000 000—1 5 0
[illegible]isco 100 300 00x—4 9 1

FRIDAY'S RESULTS
AMERICAN LEAGUE

[illegible] 013 020 240—12 15 1
[illegible] 002 005 000— 7 11 1
Saberhagen, Farr (4), Black (7) and Sundberg; Schrom and Allanson. W—Schrom, 9-2. L—Saberhagen, 4-10. HRs—Kansas City, Orta 2 (5), White (9), Balboni (16). Cleveland, Snyder (7), Carter 2 (14).

Baltimore 000 200 023—5 11 2
Minnesota 310 000 10x—5 9 0
Flanagan and Dempsey; Viola and Laudner. W—Viola, 9-6. L—Flanagan, 3-6. HRs—Baltimore, Lynn (12), Ripken (11). Minnesota, Gaetti (18), Puckett (16).

New York 000 000 030—3 10 0
Chicago 000 000 000—0 3 1
Rasmussen and Hassey; Cowley, McKeon (4), Nelson (8) and Sidorer. W—Rasmussen, 9-2. L—Cowley, 4-4. HRs—New York, Pasqua (6), Pagliarulo (18), Hassey (6). Washington (2).

Detroit 000 100 002—3 7 1
Texas 010 400 20x—9 8 0
Terrell, LaPoint (6), Campbell (7) and Lance Parish, Lavery (8); Correa (8), Williams (9) and Mercado. W—Correa, 6-6. L—Terrell, 7-7. HRs—Detroit, Lance Parish (18). Texas, O'Brien (10), Incaviglia (15), Larry Parish (14).

Oakland 000 100 000—1 6 0
Milwaukee 000 000 002—2 5 0
Plunk, Ontiveros (9) and Willard; Darwin and Schroeder. W—Darwin, 5-4. L—Plunk, 2-4.

NATIONAL LEAGUE

Montreal 100 400 201—12 16 3
Atlanta 000 200 003— 5 12 1
Smith, Schatzeder (7) and Fitzgerald, Bilardello (8); McMurtry, Ohlwine (5), Dedmon (5), *Shields (7) and Benedict. W—Smith, 4-5. L—McMurtry, 1-5. HRs—Montreal, Wallach 2 (14), Smith (1). Atlanta, Simmons (2).*

Chicago 001 010 001—3 6 0
San Diego 200 000 000—2 8 0
Trout, Gumpert (7), Smith (9) and Davis; Dravecky, Lefferts (7) and Bochy, Kennedy (9). W—Gumpert, 2-0. L—Lefferts, 5-3. Sv—Smith (13). HRs—Chicago, Matthews (7), Cey (7), Davis (11).

St. Louis 100 002 000 3—7 6 1
San Francisco 100 000 010 4—6 6 0
Tudor, Worrell (8), Dayley (10) and Heath, LaValliere (9); Blue, Davis (7), Williams (8), Berenguer (10), Robinson (10) and Melvin. W—Worrell, 4-8. L—Berenguer, 1-1. Sv—Dayley (5). HR—St. Louis, Heath (4).

Houston 000 000 101—2 9 1
New York 100 000 000—1 4 1
Knepper, Kerfeld (8) and Ashby; Mizerock (9); Ojeda, McDowell (9) and Carter. W—Kerfeld, 6-1. L—McDowell, 7-1. HRs—Houston, Garner (8). New York, Hernandez (6).

Cincinnati 013 010 110—7 12 3
Philadelphia 000 000 020—2 5 0
Welsh and Diaz; Hudson, Hume (5), Gorman (6), Corman (8) and Russell. W—Welsh, 3-2. L—Hudson, 4-8. HRs—Cincinnati, Milner (5), Davis (11). Welsh (1).

Pittsburgh 000 000 100—1 3 0
Los Angeles 000 000 00x—0 4 2
Walk and Pena; Hershiser, Diaz (7), Vande Berg (9) and Trevino. W—Walk, 4-4. L—Hershiser, 7-6. HR—Pittsburgh, Bonds (7).

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Boston	51	28	.646	—
New York	45	36	.556	7
Cleveland	42	35	.545	8
Toronto	43	39	.524	9½
Baltimore	41	38	.519	10
Milwaukee	40	38	.513	10½
Detroit	38	41	.481	13
West Division				
Texas	44	36	.550	—
California	42	37	.532	1½
Kansas City	37	43	.463	7
Chicago	35	43	.449	8
Minnesota	35	45	.438	9
Seattle	35	47	.427	10
Oakland	30	52	.366	15

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
New York	54	22	.711	—
Montreal	43	34	.558	11½
Philadelphia	37	40	.481	17½
St. Louis	33	45	.423	22
Chicago	32	45	.416	22½
Pittsburgh	32	46	.410	23½
West Division				
San Francisco	44	37	.543	—
Houston	43	37	.538	½
Atlanta	41	39	.513	2½
San Diego	41	39	.513	2½
Cincinnati	38	42	.475	5
Los Angeles	35	45	.438	8½

Bicycle Racing

Tour de France

SATURDAY'S RESULTS
Individual Stage
(Nanterre to Sceaux)
(53 Miles/85 Kilometers)

1, Pol Verschuere, Belgium, 1 hour, 58 minutes, 33 seconds. 2, Michel Dernies, Belgium, 2 seconds behind. 3, Gerrit Solleveld, Holland, 2.00. 4, Phil Anderson, Australia, 9. 5, Alex Stieda, Canada, same time. 6, Eric Guyot, France, s.t. 7, Wim Arras, Belgium, 11.08. 8, Eddy Planckaert, Belgium, s.t. 9, Eric Mackenzie, New Zealand, s.t. 10, Joel Pelier, France, s.t. 11, Frederico Echave, Spain, s.t. 12, Mathieu Hermans, Holland, s.t. 13, Eric Vanderaerden, Belgium, s.t. 14, Frank Hoste, Belgium, s.t. 15, Francis Castaing, France, s.t. 16, Josef Lieckens, Belgium, s.t. 17, Phillipse Lelau, France, s.t. 18, Jean-Phillippe Van Den Brande, Belgium, s.t. 19, Jean-Rene Barmaudeau, France, s.t. 20, Johan Van der Velde, Holland, s.t.

Team Time-Trial
(Meudon to St.-Quentin-en-Yvelines)
(31.6 Miles/51 Kilometers)

1, Système-U, 1 hour, 10:27. 2, Carrera, 38 seconds behind. 3, Panasonic, 1:02. 4, KAS, 1:42. 5, La Vie Claire, 1:55. 6, Peugot, 2:04. 7, Hitachi, 2:17. 8, Gis, 2:28. 9, Kwantum, 3:19. 10, PDM, at 3:33. 11, Joker, 3:57. 12, Fagor, 4:04. 13, Zor, 4:33. 14, Seat, 4:37. 15, Malvor, 4:58. 16, Reynolds, 5:17. 17, RMO, 5:20. 18, Teka, 5:29. 19, Postobon, 6:13. 20, Seven Eleven, 6:15. 21, Cafe de Colombia, 8:16.

SUNDAY'S RESULTS
(Levallois to Lievin, 214 kilometers)

1, Davis Phinney, U.S., 5:45:31; average speed 37.161 kph
2, Henk Baeve, Holland, same time
3, Robert Dill-Bundi, Switzerland, s.t.
4, Charles Mottet, France, s.t.
5, Willem Van Eynde, Belgium, s.t.
6, Das-Otto Lauritzen, Norway, s.t.
7, Jean-Claude Garde, France, s.t.
8, Laurent Biondi, France, 3 seconds.
9, Francis Lemarchand, France, s.t.
10, Eric Vanderaerden, Belgium, 5 seconds
11, Eddy Planckaert, Belgium, s.t.
12, Mathieu Hermans, Holland, s.t.
13, Guido Bontempi, Italy, s.t.
14, Josef Lieckens, Belgium, s.t.
15, Franck Hoste, Belgium, s.t.

OVERALL STANDINGS

1, Thierry Marie, France, at 9 hours, 8 seconds
2, Charles Mottet, France, same time
3, Dominique Gaigne, France, at 3 seconds behind leader
4, Laurent Fignon, at 4
5, Alain Bondue, France, at 7
6, Yvon Madiot, France, at 17
7, Eric Boyer, France, at 20
8, Eric Machler, Switzerland, at 43
9, Eric Vanderaerden, Belgium, at 44
10, Stephen Roche, Ireland, at 48
11, Bruno Leali, Italy, at 53
12, Guido Bontempi, Italy, at 54
13, Urs Zimmerman, Switzerland, at 55
14, Guy Nulens, Holland, at 57
15, Francesco Rossignoli, Italy, at 1:03

Basketball

World Championships

SATURDAY'S RESULTS
Group A
(At Zaragoza, Spain)
Spain 84, France 80
Brazil 104, South Korea 74
Greece 116, Panama 81
Group B
(At Ferrol, Spain)
Australia 72, Cuba 66
Soviet Union 89, Angola 51
Israel 84, Uruguay 79
Group C
(Group C at Malaga, Spain)
Italy 98, China 57
United States 99, Ivory Coast 63
Puerto Rico 81, West Germany 69
Group D
(At Tenerife, Spain)
Argentina 82, the Netherlands 75
Yugoslavia 118, New Zealand 81
Canada 128, Malaysia 38

Transition

BASEBALL
American League

BALTIMORE—Placed Larry Sheets, designated hitter, on the 15-day disabled list. Sent Kelly Paris, infielder, Rochester of the International League. Called up Odell Jones, pitcher, from Rochester. Activated Floyd Rayford, infielder-catcher, from the disabled list.

BOSTON—Signed Paul Williams, catcher, and assigned him to Elmira of the New York-Penn League.

NEW YORK—Purchased the contract of Scott Nielsen, pitcher, from Columbus of the International League.

SEATTLE—Activated Steve Yeager, catcher, from disabled list. Sent Dave Valle, catcher, to Calgary, Pacific Coast League.

TEXAS—Activated Don Slaught, catcher. Optioned Mike Stanley, catcher, to Oklahoma City of the American Association.

TORONTO—Traded Doyle Alexander, pitcher, to the Atlanta Braves for Duane Ward, pitcher. Assigned Ward to Syracuse of the International League. Signed Earl Sanders, pitcher, and assigned him to St. Catharines of the New York-Penn League.

National League

CINCINNATI—Signed Scott Scudder, pitcher, and sent him to Billings, Pioneer League.

HOUSTON—Put Terry Puhl, outfielder, on 15-day disabled list. Recalled Louie Meadows, outfielder, from Tucson, Pacific Coast League.

MONTREAL—Called up Wallace Johnson, outfielder, from Indianapolis of the American Association. Optioned Herm Winningham, outfielder, to Indianapolis.

PHILADELPHIA—Purchased the contract of Tom Gorman, pitcher, from Portland of the Pacific Coast League. Optioned Mike Maddux, pitcher, to Portland.

SAN FRANCISCO—Optioned Terry Mulholland and Chuck Hensley, pitchers, to Phoenix, Pacific Coast League. Recalled Mike Woodard, infielder, from Phoenix.

BASKETBALL
National Basketball Association

PHOENIX—Sold the team is switching its preseason training site to Flagstaff, Arizona.

SAN ANTONIO—Signed Alvin Robertson, guard, to a six-year contract.

FOOTBALL
National Football League

DALLAS—Signed Tapper Clemens, running back; John Ionata, guard; Tony Flack, defensive back; Stan Galbough, quarterback; Johnny Holloway, cornerback, and Thornton Chandler, tight end.

DENVER—Signed Steve Foley, safety; Mike Barber, tight end, and Darren Comeaux, linebacker, to one-year contracts.

PHILADELPHIA—Signed Clyde Simmons, defensive end.

HOCKEY
National Hockey League

DETROIT—Signed Jim Smith, defenseman, to a four-year contract.

PITTSBURGH—Signed Scott Johnson, left wing, to a multiyear contract.

COLLEGE

MARQUETTE—Named Bob Dukiet basketball coach.

PURDUE—Named Mark Adams coordinator of sports information.

Football

CFL Standings

Eastern Division	W	L	T	PF	PA	Pts
Ottawa	2	0	0	36	13	4
Toronto	2	0	0	41	32	4
Hamilton	0	2	0	22	39	0
Montreal	0	2	0	23	46	0
Western Division						
Edmonton	2	0	0	57	33	4
Brit Clmb	1	1	0	41	53	2
Saskatchwn	1	1	0	28	78	2
Winnipeg	1	1	0	73	28	2
Calgary	0	2	0	34	49	0

Friday's Result
Toronto 28, Montreal 12
Saturday's Result
Winnipeg 56, Saskatchewan 0

Goodwill Games

(In Moscow)
SWIMMING
Men

50 freestyle—1, John Sauerland, U.S., 23.13.
200 breaststroke—1, Dmitri Volkov, USSR, 2:17.72.
400 individual medley—1, Vadim Yarochchuk, USSR, 4:22.04.
800 freestyle—1, Vladimir Salnikov, USSR, 7:50.64 (world record; old record, 7:52.23, Salnikov, Los Angeles, 1983).
400 freestyle relay—1, USSR (Sergei Smirnyagin, Gennady Prigoda, Alexei Markovsky, Nikolai Yevseyev), 3:20.77. 2, U.S.
100 butterfly—1, Chris O'Neil, U.S., 54.22.
100 breaststroke—1, Dmitri Volkov, USSR, 1:03.69.
200 freestyle—1, John Wichell, U.S., 1:50.17.
200 backstroke—1, Igor Polyansky, USSR, 1:58.73.
100 backstroke—Igor Polyanski, USSR, 54.02.
200 individual medley—Vadim Yarochuk, USSR, 2:02.83

Women

50 freestyle—1, Angel Myers, U.S., 25.40.
200 breaststroke—1, Yelena Volkova, USSR, 2:29.84.
400 individual medley—1, Noemi Luna, Romania, 4:43.17.
800 freestyle—1, Leslie Doland, U.S., 8:30.40.
400 freestyle relay—1, U.S., A (Kathy Coffin, Paige Zemina, Angel Myers, Stacy Cassidy), 3:47.68.
100 butterfly—1, Birte Weigang, East Germany, 1:00.36.
100 breaststroke—1, Tanya Bogomilova, Bulgaria, 1:10.21.
200 freestyle—1, Kerstin Kielgas, East Germany, 2:01.91.
200 backstroke—1, Aneta Patrascoiu, Romania, 2:11.49. 100 backstroke—Carmen Buncicu, Romania, 1:02.63.
200 individual medley—Noemi Luna, Romania, 2:17.32
1,500 freestyle—Leslie Doland, U.S., 16:15.88

MODERN PENTATHLON
Men

Equestrian, first event, individual—1, Detlef Kreser, West Germany, 1,180 points (1:35.10).
Equestrian, teams—1, Hungary, 3,134 points.

Women

Fencing, individual—1, Tatyana Chernetsova, USSR, 1,044 points (36 victories).
Equestrian, individual—Magdalena Jedlewska, Poland, 1,100 points, one minute, 22.40 seconds
Individual (two events): Sophie Moressee, France, 2,122 points
Team (two events): Poland, 5,928

TRACK AND FIELD
Marathon

Men: Belaine Dinsamo, Ethiopia, 2 hours 14 minutes 42 seconds. Women: Nadezhda Gumerova, USSR, 2 hours, 33 minutes, 35 seconds.

Long Jump

Men: Robert Emmian, USSR, 8.61 meters.

Auto Racing

FRENCH GRAND PRIX
[illegible]et Mansell, Britain, Williams-Honda, [illegible]7 minutes, 19.272 seconds; average [illegible]16.85 mph/188.862 kph.
[illegible]ain Prost, France, McLaren-TAG-[illegible]s 1:37.36.400.
[illegible]son Piquet, Brazil, Williams-Honda, [illegible]17
[illegible]ke Rosberg, Finland, McLaren-TAG-[illegible], 1:38.07.975
[illegible]né Arnoux, France, Ligier-Renault, [illegible]behind
[illegible]ques Laffite, France, Ligier-Renault, [illegible]
[illegible]lcardo Patrese, Italy; Brabham-[illegible]laps
[illegible]chele Alboreto, Italy, Ferrari, two [illegible]
[illegible]rek Warwick, Britain, Brabham-[illegible]laps
[illegible]rtin Brundle, Britain, Tyrrell-Ra-[illegible]laps
[illegible]ristian Danner, West Germany, Ar-[illegible]nW, 4 laps.

DRIVER STANDINGS
[illegible]in Prost, France, 39 points
[illegible]el Mansell, Britain, 38
[illegible]rton Senna, Brazil, 36
[illegible]son Piquet, Brazil, 33
[illegible]ke Rosberg, Finland, 17
[illegible]ques Laffite, France, 14
[illegible]né Arnoux, France, 8
[illegible]rton Johansson, Sweden, 7
[illegible]rhard Berger, Austria, and Michele [illegible], Italy, 6
[illegible]Fabi, Italy; Martin Brundle, Britain, [illegible]cardo Patrese, Italy, 2.

Tennis

Wimbledon Results

MEN
Singles Final
[illegible]Becker (4), West Germany, def. Ivan [illegible], Czechoslovakia, 6-4, 6-3, 7-5.
Doubles Final
[illegible] Nystrom and Mats Wilander, Swe-[illegible]def. Gary Donnelly and Peter Fleming (12), 7-6 (7-4), 6-3, 6-2.
Over 35: Singles Final
Fillol (1), Chile, def. Tony Roche, [illegible], 6-3, 6-2.

WOMEN
Singles Final
[illegible]a Navratilova (1), U.S., def. Hana [illegible]va (3), Czechoslovakia, 7-6 (7-1), 6-2.
Doubles Final
[illegible]a Navratilova and Pam Shriver (1), [illegible]Hana Mandlikova, Czechoslovakia, [illegible]dy Turnbull, Australia (3), 6-1, 6-3.

MIXED DOUBLES
Final
[illegible]Tesch, and Kathy Jordan, United [illegible]def. Heinz Guenthardt, Switzerland, [illegible]ina Navratilova, United States, 6-3, 7-

Golf

FRENCH OPEN
(At Versailles)

[illegible]eros, Spain	$31,000, 65-66-69-69—269
[illegible]ández, Arg.	$20,600, 69-65-69-69—271
[illegible]r, W. Ger.	$11,600, 71-65-68-68—272
[illegible]dle, Britain	$9,300, 66-70-68-7—274
[illegible]o Saavedra	$7,150, 71-68-66-70-275
[illegible]rmann, U.S.	$7,150, 71-69-67-68—275
[illegible]se, Britain	$4,733, 68-70-66-73—276
[illegible]se, Britain	$4,733, 70-68-70-68—276
[illegible]wart, U.S.	$4,733, 69-66-77-65—276
[illegible]ner, S. Af.	$3,700, 69-69-67-72—277
[illegible]evenson, S. Af.	71-66-71-72—278
[illegible]r-Finch, Australia	71-69-67-71—278
[illegible]ore, Australia	71-70-68-69—278
[illegible]rs, Australia	71-67-71-70—279

Major League Baseball Results

MEN
Singles Final
[illegible]Becker (4), West Germany, def. Ivan [illegible], Czechoslovakia, 6-4, 6-3, 7-5.
Doubles Final
[illegible] Nystrom and Mats Wilander, Swe-[illegible]def. Gary Donnelly and Peter Fleming (12), 7-6 (7-4), 6-3, 6-2.
Over 35: Singles Final
Fillol (1), Chile, def. Tony Roche, [illegible], 6-3, 6-2.

WOMEN
Singles Final
[illegible]a Navratilova (1), U.S., def. Hana [illegible]va (3), Czechoslovakia, 7-6 (7-1), 6-2.
Doubles Final
[illegible]a Navratilova and Pam Shriver (1), [illegible]Hana Mandlikova, Czechoslovakia, [illegible]dy Turnbull, Australia (3), 6-1, 6-3.

MIXED DOUBLES
Final
[illegible]Tesch, and Kathy Jordan, United [illegible]def. Heinz Guenthardt, Switzerland, [illegible]ina Navratilova, United States, 6-3, 7-

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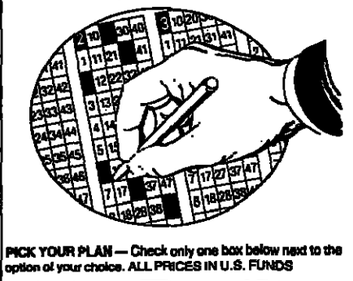

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1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41
2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42
3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43
4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44
5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45
6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 48	6 16 26 36 46	6 16 26 36 46
7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47
8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48
9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49

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Critics Say Actions of Aquino's Anti-Corruption Agency Recall Marcos Regime

By Michael Richardson
International Herald Tribune

MANILA — An anti-corruption agency set up by President Corazon C. Aquino has come under sharp criticism by critics who say it is taking similar actions to those carried out by the deposed government of Ferdinand E. Marcos.

The agency, the Presidential Commission on Good Government, was established primarily to recover wealth alleged to have been illegally acquired by Mr. Marcos during his 20-year rule; his wife, Imelda Romualdez Marcos, and associates.

But some critics accuse the Aquino government and its commission of arbitrarily seizing property and other assets worth hundreds of millions of dollars and concentrating their control in the government and its friends — the same kind of charges that were made against Mr. Marcos.

Among the companies seized were the United Coconut Planters' Bank and the San Miguel Corp. brewery.

One of the strongest denunciations came last week from Blas F. Ople, a minister of labor in Mr. Marcos's cabinet who now leads an opposition group in a constitutional commission appointed by Mrs. Aquino. The commission is to draw up a new charter for submission to the people in a plebiscite this year.

Mr. Ople said a recent presidential directive expanding the powers of the good government commission would convert it from "a guardian of public morality" into "a giant octopus of state capitalism and monopoly power."

On Thursday, the Supreme Court gave the commission 10 days to answer an allegation that the orders it issued to sequester property were illegal and unconstitutional.

The powers of the commission were challenged before the court by lawyers acting for Roberto S. Benedicto, one of Mr. Marcos's wealthiest associates, and the owners of 24 corporations to which Mr. Benedicto is linked.

The plaintiffs asserted that the executive orders that created the commission violated the law by

Reuters/UPI
Jovito Salonga

vesting the anti-corruption agency with authority to seize assets on suspicion that they were ill-gotten, without proper judicial determination.

Sedfrey Ordonez, the government's solicitor general, has argued that the commission must have the power to freeze suspect assets so that it can investigate ownership before they are transferred to other owners, or otherwise dissipated.

Jovito Salonga, a minister in the Aquino cabinet and chairman of the five-member commission, said last month that if his agency lost its sequestration powers the result would be an abandonment or weakening of moves to recover ill-gotten wealth.

The Aquino government has accused the Marcos regime of having stolen at least $10 billion in government funds. It has opened recovery proceedings in the United States, Switzerland and other countries as well as in the Philippines.

The government says it wants to regain as much of this money as quickly as possible to help revive the stagnant economy and repay some of the $26-billion foreign debt.

In a memorandum June 26, President Aquino authorized the commission to exercise the voting rights of sequestered shares in corporations until legal proceedings could determine the rightful owners of the shares.

By giving the president, through the commission, the right to appoint boards of directors, the memorandum gives effective management control to the government over many of the corporations it has moved against on grounds of wrongful ownership by Mr. Marcos, his wife and their associates.

Mr. Ople asserted that the presidential directive gave the government an influential voice in at least 180 companies. He said these companies had a minimum estimated value of 30 billion pesos ($1.46 billion).

Raul Daza, a commission member, said recently that assets worth 10.3 billion pesos had been sequestered by the anti-corruption agency. He said that 80 percent of these assets were found to be owned by not more than 12 or 13 persons.

Mr. Ople issued his statement just before a successful move last Monday initiated by the commission to replace all 15 board members of the United Coconut Planters' Bank, one of the largest

Reuters
Blas F. Ople

commercial banks in the Philippines.

The bank has assets of 12.4 billion pesos. The commission had earlier sequestered 94.4 percent of its 747 million voting shares. It alleged that as many as 80 percent of the shares were owned by Eduardo M. Cojuangco Jr., a former president of the bank who is another wealthy Marcos associate.

Like Mr. Benedicto and most other Marcos cronies, Mr. Cojuangco fled abroad in February when Mr. Marcos was forced into exile in Hawaii by a military revolt and popular uprising.

Defense Minister Juan Ponce Enrile, who declined an invitation from Mrs. Aquino to retain his position as chairman of the United Coconut Planters' Bank, gave an ambiguous answer when asked on Thursday what he thought of the government takeover.

Noting that the Commission on Good Government had extensive power, he added: "I only hope, and I am sure it is, being exercised for the good."

The commission also recently took control of San Miguel Corp., the largest private manufacturing company in the Philippines.

Diplomats say they believe much of the criticism directed against the commission is from people who have vested interests to protect or want to make political capital.

The diplomats said that both Mrs. Aquino and Mr. Salonga have spotless reputations for honesty. They say that, in general, the new managements of sequestered companies appear to be a considerable improvement on the old.

However, Luis D. Beltran, a respected Manila newspaper columnist, wrote on Friday that Mr. Salonga should supervise activities of his commission more closely.

Citing what he said were two cases of abuses by commission teams in the provinces, Mr. Beltran said some task force members "may be using the awesome powers of the commission to protect the interests of the very cronies whose assets they are supposed to reclaim for the government."

Analysts say the spread of the commission's influence in the private sector is causing concern among businessmen and may be one of the factors deterring local and foreign investment.

Population Has Hit 5 Billion, Institute Says

United Press International

WASHINGTON — Somewhere on Monday, the birth of a child will bring the Earth's population to five billion people, the World Population Institute said Sunday.

"Never before have so many people shared space on this planet," said Werner Fornos, president of the nonprofit organization that seeks a more equitable balance between population and the world's resources.

According to institute estimates, the world's population is growing by one million people every four to five days, with about 85 million added to the population each year. In the last 35 years, global population grew by two billion; in the next 35 years, it is expected to grow by three billion.

Mr. Fornos said that nine of 10 babies today were born in the Third World, and that if the five-billionth human grew up there he or she was likely to do so in "poverty, disease, hunger, illiteracy and unemployment."

"A baby born in the developing world currently has a life expectancy of 15 fewer years than one born in the industrialized world," he said. In Sudan, he said, a child can expect to live only 35 years.

IRISH: *'Marching Season' Tests London-Dublin Accord*

(Continued from Page 1)

terrorism of the Irish Republican Army.

Mr. Paisley's outburst could also be seen as a cry of distress from a political leader who felt betrayed. For, although there has been no movement to an internal political settlement, the "framework" remains firmly in place.

The decisive setback suffered last month by Prime Minister Garret FitzGerald — widely seen as the accord's spiritual father — when Irish voters rejected his proposal to legalize divorce, may offer some encouragement to loyalists who cling to the belief that political commitment to the accord is shaky in Dublin and London.

But Irish and British officials have expressed confidence that the arrangement would survive a change of government in both capitals. If they are right, the involvement of Dublin in Northern Ireland's affairs is permanent. And that is precisely the fear of the loyalists who see the agreement not only as ending their dominance within the province because of their majority there but also as a step to joint authority over Northern Ireland by Dublin and London.

Such a prospect now seems remote, but under the political mechanism created by the accord, the loyalists can reduce the Irish government's role in their province but have no legal means to send home the Irish officials who, under the treaty, are now routinely consulted on details of the province's administration.

The agreement provides that administrative matters ceded to an elected provincial government would be removed from the scope of the Anglo-Irish Conference, the consultative body set up by the two governments.

That was intended as an incentive to Belfast Protestants to achieve an understanding on power-sharing with Catholics. But even if a far-reaching understanding were achieved, the treaty would still call for consultations with Dublin on such core matters as security, justice and the police.

"They have accurately estimated the meaning of the agreement," a key official in Dublin said of the North's loyalists. "It means they have lost their veto." But Irish officials also acknowledge that the accord commits Dublin to what one called "a 'Brits in' rather than 'Brits out' situation."

Among the changes were to be the reorganization of the Ulster Defense Regiment, an overwhelmingly Protestant army reserve; a code of conduct for the constabulary; a regulation making it legal to fly the Irish flag in Northern Ireland; new limits on the use of uncorroborated testimony of police informers; and the appointment of three-judge courts, possibly with some judges from the Republic, so Catholics would no longer face non-jury trials before a single Protestant judge.

"It's a framework for a lot of things that haven't happened," said Peter Robinson, a youthful acolyte of Mr. Paisley who is now regarded as even more of a diehard loyalist.

Catholic politicians say Protestant outrage over the pact tends to legitimize it among Catholics and buy time for the promised changes. "If there's nothing in it, then why are Unionists going crazy?" said a Belfast leader of the moderate Social Democratic and Labor Party, offering what he said was the common sense reaction of his constituents.

Argentine State Airline Dismisses Striking Pilots

Agence France-Presse

BUENOS AIRES — The national airline, Aerolineas Argentinas, has dismissed 561 pilots who had been on strike for five days to demand a 50-percent wage increase, the company announced.

The airline cited a ruling by the Labor Ministry that the strike was illegal.

■ Police, Protestants Clash

Riot squads clashed with Protestants parading in Northern Ireland on Sunday after police tried to remove suspected troublemakers from the procession, The Associated Press reported from Belfast.

Members of the Orange Order used rolled black umbrellas, which they traditionally carry, to hit back at the police during a parade through Portadown. No injuries or arrests were reported.

Syrian Force Brings Calm To Beirut

Reuters

BEIRUT — Beirut was calm Sunday as Syrian soldiers continued to enforce a drive against militia street fighting.

Several Lebanese politicians and top militia officials have welcomed Syria's deployment Friday of about 500 security men, military observers and special forces troops at key points in West Beirut, which is dominated by Moslems.

It was the first Syrian deployment in West Beirut since the Israeli invasion in 1982.

Witnesses said that the Syrians were backing a new security force of 1,000 Lebanese troops and paramilitary police.

"I saw the Syrians stop a sinister-looking tough," said a West Beirut resident. "They put him up against a wall with his hands above his head and frisked him. It was good to see."

Security sources reported that the capital has been quiet since the security drive began a week ago. They said that a Syrian-backed truce announced on June 14 appeared to be holding at Palestinian refugee camps.

About 160 people died in five weeks of fighting between Shiite and Palestinian gunmen at the Sabra, Chatila and Burj al-Brajneh camps.

Finance Minister Camille Chamoun, a Christian critic of Syrian power-broking in Lebanon, approved of the Syrian move even though there have been press reports that Damascus might reinforce its presence and take direct action to restore order.

"If this deployment puts an end to the war in West Beirut and is an introduction to the end of war in Lebanon, then it is not bad," said Mr. Chamoun, 86, a former president.

Mr. Chamoun has long opposed a Syrian military presence in Lebanon and has repeatedly called on Damascus to withdraw its 25,000 troops in the north and the east.

George Saadeh, the head of President Amin Gemayel's Phalangist Party of rightist Christians, said on the Voice of Lebanon radio that the situation in West Beirut "needed extraordinary measures to deal with it."

There has been no official word from Mr. Gemayel, whose links with Damascus have been severely strained since he refused to endorse a Syrian-sponsored peace accord.

But a leftist newspaper, As-Safir, quoted an official source as saying that Syrian troops had deployed in West Beirut "without any formal request by the government and without coordinating with the military authorities."

CONTRAS: *Bracing for Battle*

(Continued from Page 1)

Agency and advisers from the Green Berets to have, now that Congress has moved to lift restrictions on CIA assistance.

The announcement that the U.S. ambassador to Honduras, John A. Ferch, is being replaced has added to expectations that a new envoy will be sent to manage the hardening American presence in the war.

American and rebel officials say the conflict to come will be bloody. In preparation, a major hospital is under construction. It has special buildings for surgery, recovery and therapy, and is being built with funds from the $27 million in non-military aid that Congress approved last year.

There is evidence that the war inside Nicaragua has already been costly. Men who once were fighters and have lost legs can be seen passing by on crutches at a rebel base camp.

Other young guerrillas lie on rows of narrow cots, recovering from bullet and shrapnel wounds. It is the rainy season, and in the heat the odors of sweat, stained gauze and disinfectants merge into a single scene of people in pain whose recovery will be slow.

The rebels fight in remote mountain regions that can take weeks to reach on foot, and they lack helicopters to evacuate their wounded. They say many of those hit in battle die in the long march to the first rebel clinic, which is sometimes a month away.

"We may have lost over 1,000 men in the last four years of fighting because we could not treat them adequately," said the chief doctor of the guerrillas' hospital, who gave his name only as Francisco.

Francisco said Cuban-American surgeons sympathetic to the rebels periodically flew in for specialized operations. Last week, he said, a doctor from Miami carried out nine operations in three days.

Many political analysts have argued that even with renewed American training and weapons, the rebels will not be a match for the Sandinists, either militarily or politically. But among the guerrillas themselves, there is a strong sense of having survived against the odds and a striking readiness to return to fight again.

The guerrillas pointed out with anger that they had hung on for two years without American military aid, even as the Sandinists carried out a major military buildup.

"We thank the American people for their support, but you should remember it is we Nicaraguans who are dying," said Indalecio Rodriguez, a director of the guerrilla army known as the Nicaraguan Democratic Force. "We are the ones who are fighting."

AIRPORTS: *Tighter Security*

(Continued from Page 1)

a spokesman for Delta Air Lines. "That employee checks to see which passengers have actually boarded the aircraft. He moves those passengers' luggage from one holding area to another to be loaded onto the aircraft."

Other measures out of the public's sight include background checks of airport and airline employees, mounting use of undercover security personnel on flights and in the terminals, and expanded emergency training for airline crews and ground personnel.

Two of the more public efforts were announced last month by Pan American and Trans World. Both had been particularly hard hit by the decrease in overseas travel because of the terrorist threat.

The measures by Trans World Airlines included accepting baggage only at the counters and from the ticketed passenger, X-raying or hand-searching questionable baggage, matching baggage to ticketed passengers and screening passengers according to a psychological profile to detect terrorists.

Pan American announced it was setting up a subsidiary unit, Alert Management Services, to handle its own security. Previously the airline had contracted with an outside firm for security guards. Pan American said the new guards would be paid substantially more, $8 to $12 an hour, and would wear military-style uniforms for a more imposing effect.

Pan American told the Port Authority of New York and New Jersey, which operates Kennedy Airport, that it was aiming to emulate the security program of El Al Airlines, long regarded as the best such program in the industry, and was seeking, with the Israeli government's approval, to hire El Al consultants for advice.

At Kennedy Airport, El Al bars entry to its terminal to all but ticketed passengers. Air India, also the target of recent terrorism, does the same.

Some travelers complained of security lapses at airports.

"As I came in they asked for my boarding pass and I just reached for it," said Marilyn Troxler, who was leaving San Francisco's airport on Pan American for London. "He didn't ask to see it. That's certainly not security. Anybody could have gotten through."

At O'Hare, except for times of security alerts, the concourse areas up to the departure gates remain open to nonpassengers. At San Francisco, visitors are permitted through the screening points in the domestic aviation areas, though not the international concourses.

MANILA: *Alternate Regime*

(Continued from Page 1)

als, none of whom commanded large battalions of troops.

Another major difference was the reaction of the American government. The U.S. Embassy in Manila reacted quickly Sunday night to back Mrs. Aquino against Mr. Tolentino's action.

"The United States government fully supports the government of President Aquino, and we are against any effort such as this to undermine it," said the embassy first secretary, Charles Martin.

Several Western diplomats who came to the hotel to examine the situation Sunday night said the uprising by Mr. Tolentino and his band of soldiers, largely disgruntled men who once served in Mr. Marcos's disbanded Presidential Security Command, was bound to fail.

The Manila Hotel, filled with tour groups from the United States, Australia and Europe when Mr. Tolentino's backers seized it, was surrounded by soldiers loyal to Mrs. Aquino, Mr. Enrile said.

General Ramon Montano, the Manila police chief, said his forces would attack the pro-Marcos troops only if they attempted to march on the presidential palace.

"We do not want bloodshed," Mr. Enrile said.

Early Sunday, Mr. Enrile sent a team of generals to the hotel, where they met with Brigadier General Jose Maria Zumel, the apparent commander of the Marcos loyalists backing Mr. Tolentino.

The Marcos loyalists sealed entrances and exits to the hotel and took over several floors by stationing soldiers with automatic rifles, submachine guns and grenade launchers by the elevators.

Interviews with several of the pro-Marcos leaders Sunday night made it clear that their move was timed to coincide with Mrs. Aquino's trip to the southern city of Cagayan de Oro. It was only the third time she had traveled outside Manila since taking office five months ago, and she was accompanied by eight members of her cabinet and General Ramos, now her military chief of staff.

In a statement broadcast from Mindanao, General Ramos announced his unwavering loyalty to Mrs. Aquino, adding that Mr. Tolentino's oath-taking was "illegitimate."

Mr. Tolentino said he was acting "to restore constitutional democracy to the country." He said he was reinstating the Marcos-era, 1973 constitution, which Mrs. Aquino suspended soon after taking office.

Mr. Tolentino added that he decided to take the oath, administered by a former Supreme Court justice, after Mr. Marcos wrote him saying he was "unable to discharge my duties as president" and urging Mr. Tolentino to take power as acting president.

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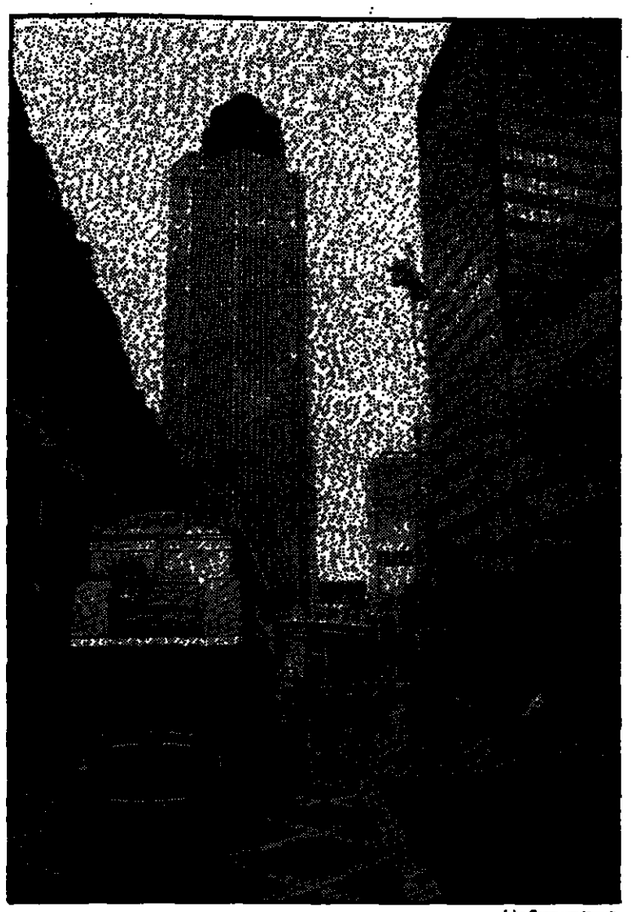
BANKING AND FINANCE IN LONDON

A SPECIAL REPORT



John Copse-von Hassell

National Westminster Bank towers above the financial district.

Reforms Open Field In Financial Services For Retailers, Insurers

By Peter Field

LONDON — When a wholesale U.S. investment bank runs a commercial on British television offering mortgages to home buyers, you can be sure there is a major shake-up under way in Britain's financial services sector. The fact that Salomon Brothers has entered the British mortgage market is a measure of how competitive the financial services sector is becoming.

Only a short time ago any discussion of British banking would have focused on the four major clearing banks, Barclays, National Westminster, Lloyds and Midland. Now, these four are facing increasing competition, not only from other clearers but also from the major building societies, insurance companies and some foreign banks. Retailers such as Marks & Spencer and Debenhams are also pushing into financial services.

These are all signs of the British government's desire to promote a level playing field in financial services by sweeping away the division of the market into distinct segments that stifles competition and encourages inefficiencies.

Government policy is being formed through bills that still have to become law: the financial services bill, which is expected to pass later this year; the building societies bill, which is expected to be law in 1987, and the social security bill, which would not take effect before 1988.

Government pressure on financial institutions like banks and building societies is paralleled by its moves to bring the stock exchange into the 20th century. All these moves reflect the government's realization that, with the rapid development of information technology, legally restricted markets would become increasingly difficult to police.

Technology has also greatly encouraged innovation and competition. Building societies now offer a range of different products and services tailored to meet the needs of different types of depositors. Many offer checking accounts and automated teller machines as well as house mortgages. With the passage of the building societies bill, they will be able to provide personal loans, too, so that it will be even harder to distinguish them from banks.

The major banks, meanwhile, are facing a tough task keeping their customers. They have been forced by competition to offer free banking, that is, a checking account that incurs no charges provided the customer remains in credit. Even so, informed consumers who do not need to overdraw their account, prefer building society checking accounts because they also pay interest on the balance, although there are restrictions.

The big banks have also been forced to reopen their doors Saturday mornings at selected branches to try to stem the flow of business to building societies that have always done this. "In the retail market," noted a bank strategic planner, "there's now much more competition on price, product and service."

The problem is that the major banks lose money on checking accounts when interest rates go much below 10 percent because the average balance in these accounts is so low. At the same time, they are finding it hard to make money

(Continued on Page 11)

'Big Bang' Heralds New Era of Competition

'We will be cutting out a lot of the dross we currently get.'

By Bob Hagerty

LONDON — Silk top hats are disappearing from the floor of the London Stock Exchange. So, too, are most other quaint traditions in London's financial community as it prepares for what promises to be a new age of ferocious competition.

The pin-striped revolution, known here as "Big Bang," officially starts Oct. 27. That is the day the stock exchange intends to abandon a system of trading in effect for the past 75 years and open itself up to giant financial conglomerates, most of them led by big British or foreign banks.

The City, London's financial district, will become a laboratory for banks determined to become global securities traders.

"London is the first opportunity that the major money-center banks have got to implement their worldwide strategy," said Peter Stevens, head of the gilt, or government-bond, unit of Chase Manhattan Bank's new London securities subsidiary, which incorporates two London stockbrokerages taken over by the New York-based bank.

Legal barriers restricting commercial banks' securities-dealing activities are eroding in New York and, more gradually, in Tokyo, but London presents the freest opening for bankers to become securities dealers.

Many banks see that as an opening they cannot afford to miss. Instead of using traditional bank loans, the more credit-worthy companies and nations increasingly are raising funds through securities sold wherever investor demand seems greatest. To avoid being shut out of the business, big banks believe that they need to increase their expertise in arranging, trading and distributing these securities issues.

Whether the Big Bang creates an attractive place for banks to practice this new game is vital for Britain, whose financial-services industry produces about £6 billion ($4 billion) of annual export revenue and is one of the country's few post-World War II economic success stories.

The biggest change to take place Oct. 27 is the ending of fixed commissions for trading on the stock exchange. That will leave securities firms free to compete for customers by offering a cheaper service.

At the same time, the exchange will allow securities firms to act both as jobbers, buying and selling securities for their own account, and as brokers, or agents, executing orders for others.

Since early this century, exchange member firms have had to confine themselves to just one of those roles, a restriction peculiar to Britain and one that helped keep London's financial markets fragmented among many specialist firms, generally too small to compete internationally.

Anna Tully

The trading floor of the London Stock Exchange.

Much more of the trading will be transacted over the telephone or computer screen rather than in person on the stock exchange floor. Hence the disappearance of the top hats long worn by some gilt dealers:

"Nobody's going to sit at a desk in shirtsleeves wearing a silk hat," lamented David Harvey, a veteran gilt executive at Rowe & Pitman, Mullens & Co.

Another big change already has taken place: Since March, outsiders have been allowed to own 100 percent of the shares in firms belonging to the stock exchange. So London finance will be dominated by big conglomerates rather than small specialists.

The race to grab a share of the new London securities market began three years ago, when the stock exchange agreed to an out-of-court settlement of government charges that the exchange's rules unfairly restricted competition. Once the exchange accepted freer competition, London's financial firms began to regroup for battle.

Three of Britain's biggest commercial banks bought securities firms, as did Citicorp, Chase and Security Pacific Corp., all U.S.-based, as wel Crédit Suisse, Union Bank of Switzerland, Financière de Paribas of France and Hongkon Shanghai Banking Corp. The bigger British m chant banks, led by S.G. Warburg & Co., Kl wort Benson Ltd. and Morgan Grenfell & Co., put together big securities operations.

For industry, this onslaught of new competit is expected to lower the cost of raising funds London. For institutional investors, the cost securities dealing seems certain to fall substant ly.

After the New York Stock Exchange en fixed commissions in May 1975, competit forced brokers' commissions on large orders do by nearly 50 percent. Forecasts of the likely dec in London range from 15 percent to 50 perc (London's commissions on equity trading alre are considerably lower than New York's w before May 1975.)

For small individual investors, however, c missions are widely expected to remain around current level or increase modestly. The small inv tors have less power over brokers and are m expensive to serve.

Commissions on gilts, or government bon will virtually disappear, brokers predict. Gilt d ers hope to make their living on the spread betw their buying and selling prices, and that sprea expected to about halve.

Big investors say they will be much more fu about the research they buy from brokers.

"We will be cutting out a lot of the dross currently get," said Trevor Pullen, equity direc of Prudential Portfolio Managers, a unit of P dential Corp. and one of Britain's largest invest

Fierce competition seems bound to prod ruinous losses for some firms, particularly if stock market slumps badly. Twenty-eight com nies, including such U.S. powerhouses as Salon Brothers Inc. and Goldman, Sachs & Co., h signed up to be primary dealers in gilts; the c ventional wisdom is that only 10 or so will be a to thrive.

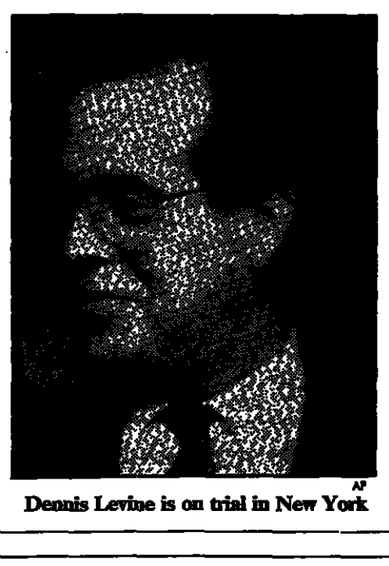
Investors are wary about all this tumult. going to be a very traumatic affair," said Geoff Browne, chief investment manager of Sun Allia Insurance Group PLC, who fears that brokers try to make up for lower commissions by pres ing investors to trade at a furious pace.

Many investors also fear that the new congl erates will be more interested in making profits securities trading for their own accounts than their clients.

Others worry that heavier competition will m unethical behavior more tempting. The gov ment has proposed a new system of finan regulation, expected to take effect early next y but many investors wonder whether it will strong enough.

Another vulnerable point could be the comp and phone systems used to process securi trades. British Telecommunications PLC estim that the volume of voice and data going thro the exchange's phone system will grow fivef Banks are spending millions of pounds on computerized dealing rooms to cope with bris trading, but expertise in financial computer tems is in very short supply.

"I don't think everybody will have their together behind the scenes by the 27th of Oc ber," said Peter Jamieson, a director of Rob Fleming Securities.



AP

Dennis Levine is on trial in New York

Opinions Split on Insider Trading

By Lynne Curry

LONDON — They've never met him, but almost everybody in the City of London knows who 32-year-old Dennis Levine is. Now on trial in New York, Mr. Levine is alleged to have masterminded the biggest insider trading scandal in history.

His case has focused attention on an issue that is a growing concern in London's financial community — the use of unpublished price-sensitive information to deal in shares. As the City approaches the Big Bang — the day when the stock market is deregulated, brokerage commissions become negotiable, and restrictions preventing banks from engaging in securities transactions are removed — opinion remains divided about whether insider trading will increase.

While it appears to be much more widespread in the United States, it is not only an American practice. In the last six years, the London Stock Exchange has had sufficiently strong evidence to suspect that nearly 100 companies were involved in insider trading

"If one 32-year-old in New York is doing it, there is no reason to think it is not happening over here," he added.

Other financial experts agree. They are skeptical that the new regulatory framework being introduced and the massive reorganization that some companies are undergoing will have any real impact on insider trading. They argue that with brokers and market makers merged under one roof of investment banks, for the unscrupulous the temptation could be too great.

"The scope for abuse will be much greater post-Big Bang than pre-Big Bang," said a director of a brokerage firm who asked to remain anonymous.

"It's fairly easy to build Chinese walls within a department so that corporate finance is separated from equity stockbroking," he said. "But if the idea is an integrated investment bank, there must some people who need to be totally aware of transactions."

"There will be far greater onus on everyone professionalism and secrecy after Big Bang," noted.

Even so, others believe that opportunities insider dealing will be reduced because the sys will be more open and deals will be more clo scrutinized. It will be easier to trace those transacted deals on the basis of inside intelligen

In addition to the creation of "Chinese walls" separate corporate finance and stockbroki many companies have appointed in-house com ance officers to monitor their own activities.

Insider trading has been a criminal offense si 1980, and the law was updated to its present fo in the Company Securities (Insider Dealing) 1985. The penalty is a prison term of up to

(Continued on Page 13)

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SPECIAL FINANCIAL REPORT

Options Contracts Gain at Liffe

By Ken Ferris

LONDON — London's challenge in the fast-growing world of exchange-traded financial options and futures will receive a significant boost in October when the restructuring of British financial markets — the "Big Bang" — finally takes off.

Both the London International Financial Futures Exchange (Liffe) and the London Stock Exchange are eagerly awaiting the changes, which they hope will consolidate their global position in the market.

Liffe has already taken steps to prepare up for the Big Bang. The exchange responded to members demands before October's changes by introducing option contracts on long gilt futures and U.S. Treasury bond futures last March. The options are based on two of Liffe's most successful futures contracts. The long gilt option is set to benefit from an increase in the number of market-making firms in British government securities. These are expected to increase from two to 29 — all but one of which are members of Liffe.

Since its inception in September 1982, Liffe has carved out a dominant position as the largest futures market outside the United States, and its options contracts have experienced steady, if unspectacular, growth.

Plans are afoot to add a yen bond future and a futures contract based on Deutsche mark interest rates to its three-month Eurodollar, five-year gilt, short gilt, three-month sterling interest rate and U.S. Treasury bond futures.

Liffe also hopes to introduce EECU contracts this year to complement its Deutsche mark, sterling, Swiss franc and yen futures and its sterling and Deutsche mark options. The exchange also trades a three-month Eurodollar option on futures.

The London Stock Exchange has widened its base by introducing a series of financial options since last summer, including short and long gilt options, a sterling-Deutsche mark option and a dollar-sterling option.

Additional contracts await its planned link-up with the Philadelphia Stock Exchange (PHLX) later this year. The London Stock Exchange, however, emphasizes that it has great flexibility to introduce additional gilt options and will do so at short notice when this is demanded by members and their clients.

However, despite their impressive growth, the London exchanges lag far behind their U.S. counterparts in the number of contracts traded. The London Stock Exchange's currency options have failed to live up to expectations because there are only three market-makers operating and, while some of Liffe's contracts have proved popular, others have failed to generate significant volume. The threat from off-floor trading in the over-the-counter and interbank markets is also growing.

These developments have encouraged both exchanges to seek wider links with their competitors in foreign markets to enable them to keep up with the global trading patterns now prevalent among large international banks and brokers.

The London Stock Exchange hopes to boost average daily turnover and attract new participants in the London market after its link-up with PHLX.

Meanwhile, Liffe plans to establish trading links with both the Chicago Board of Trade and the Sydney Futures Exchange. The main reason for taking such steps to make contracts interchangeable, or "fungible," between exchanges is to enable members to buy contracts on one exchange and sell them on the other. Individual trader's commitments are offset by the clearing houses on either exchange.

The London Stock Exchange approved the link with PHLX in May when the Council of the Exchange gave the go-ahead for its staff to work on creating a fungible market in currency options. But regulatory and legal technicalities have delayed the link-up and it is unlikely to go ahead until fall.

Although Britain's Department of Trade and Industry, the Bank of England and the Securities Investments Board — the new City watchdog — have established common ground, the Securities and Exchange Commission and the Commodity Futures Trading Commission in the United States are still discussing their approach to the link.

Surveillance of contracts that are interchangeable between exchanges is a sensitive issue because both U.S. and British regulatory authorities are concerned that their jurisdiction might be compromised.

The other main reason for the delay is the time it is taking to work out the details of a clearing system. The London Stock Exchange system is supervised by the International Commodities Clearing House, while PHLX uses the Options Clearing Corporation in Chicago. The two clearing institutions have different cost structures, adding to the delays.

Nevertheless, both exchanges are confident the link will come into effect this year. A third leg that would tie both exchanges to either Tokyo or Hong Kong is also being planned.

PHLX trades contracts in Canadian dollars, French francs, Swiss francs and yens as well as the sterling and Deutsche mark contracts that are traded on the London Stock Exchange.

However, Bernard Reed, the head of Traded Options at the London Exchange, pointed out that "when the link with Philadelphia is established, further currency options will be introduced to align our product range more closely with theirs."

Liffe confirmed its arrival as a major exchange when open interest on its contracts rose above 80,000 last November. Its priority now is to link up with the Chicago Board of Trade (CBOT), the world's largest futures exchange, to trade a Japanese government bond futures contract by the end of this year. The contract will be similar to the 10-year government bond futures contract launched on the Tokyo Stock Exchange last October.

Liffe's chairman, Brian Williamson, believes the addition of a yen bond contract will add another dimension to Liffe because it will be settled in yen.

He said: "We are currently running two different settlement systems, one in dollars and one in sterling. When we introduce the yen contract, Liffe will be the only place in the world where you can settle in sterling, dollars and yen. The reason the yen contract is so important is that it will then be seen very clearly that we have got the most comprehensive range of financial futures and options in the world on one exchange."

The yen bond contract, which is expected to be launched on Liffe before the Chicago Board of Trade, will be the first fungible contract between the two exchanges. It means that an investor could buy a contract in London in the morning and sell it after the London close in Chicago. There would only be one set of clearing and margining arrangements.

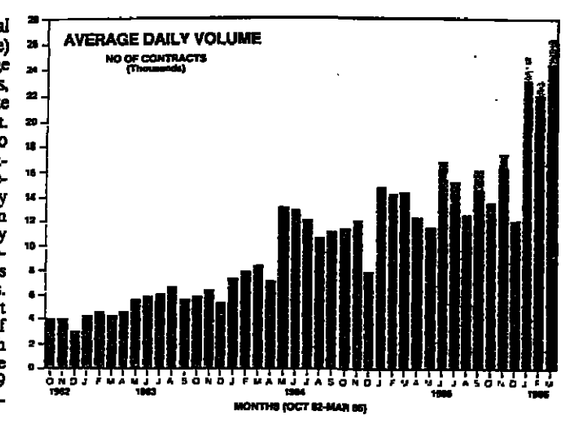
In the longer term, Liffe hopes the contract might be identical to that traded on the Tokyo Stock Exchange and become the first financial futures contract to be traded around the world. However, officials at the Tokyo Exchange have expressed little interest in a formal link with London or Chicago.

The existence of a market on the

(Continued on Page 13)

John Chapman Hannah

The Bank of England, which oversees all financial transactions in London.



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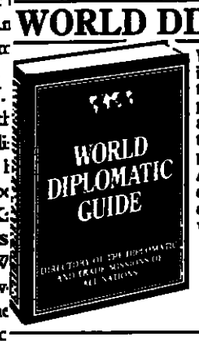

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Short-Term Debt Spurs Growth in Euronote Paper

By Krystyna Krzyzak

LONDON — The inexorable trend toward bank disintermediation and securitization of debt has triggered an explosion in Euronote/Eurocommercial paper facilities.

Last year 297 of these facilities, essentially short-term bearer promissory notes, were signed, compared with 86 in 1984 and 31 in 1983.

For sovereign, state agency and corporate borrowers seeking alternatives to bank loans priced off the London interbank offered rate (Libor) and the even pricier overdraft, the market has proved one of the cheapest ways of raising short-term debt. Top-quality names like the Kingdom of Sweden or Unilever can raise funds at levels well below the London interbank bid rate (Libid).

Cheap debt is not the only reason why borrowers are issuing paper. Companies with an active, sophisticated treasury department have found the notes an invaluable instrument for flexible cash management. In addition, a Euronote program can be a cost-effective way of cultivating an investor base before an international equity listing or major bond issue.

For the other side of the equation — the investor — Euronotes are being marketed as an alternative to bank certificates of deposit (CDs), bank deposits and floating-rate note repos (FRNs sold with a future buyback guarantee). In the case of the first two instruments, the Euronote's most important selling point is that it offers diversification out of bank risk.

Since the bankruptcies of the last century, U.S. investors have been circumspect about their banks' creditworthiness and this, more than anything else, underpinned the growth of the $300-billion U.S. commercial paper market. Outside the United States, the worry has been less acute, but even the strongest looking banks can have their skeletons, be they weak subsidiaries, extensive oil portfolios or heavy Latin American — and these days South African — exposure.

The argument is that Western banks can collapse — Penn Square did so spectacularly in 1982 — while a Western nation is unlikely to go bankrupt. Furthermore, the creditworthiness of a large number of blue chip corporations is distinctly healthier than many of the institutions that traditionally lend them money.

The brief history of the Euronote, which was first issued in 1978 by New Zealand Shipping Board Corporation, has been colorful. Remember the guns (grantor underwritten notes), nifs (note issuance facilities), snifs (short-term note issuance facilities, rufs (revolving underwriting facilities, pufs (prime underwriting facilities) and trufs (transferable underwriting facilities). Most banks would prefer to forget that period in the early 1980s when the name of the game was to hit the Euromarket press headlines by patenting new acronyms for basically identical products.

These days the distinction boils down to the difference between distributing Euronotes and Eurocommercial paper. The former are committed facilities distributed by one or more dealers.

Increasingly, borrowers are turning to dealer managed programs as is the case in the U.S. market. One reason concerns the early history of the tender panel system, which was marred by so-called rougue or macho bidding — inexperienced or overenthusiastic banks bidding for paper at unrealistically low levels and then being unable to place it with investors. As a result, the paper was either kept on the offending banks' books or traded at higher rates in the secondary market rather than finding a home with investors.

Tender panels were also seen as cumbersome and time consuming, taking about five days between the borrower asking banks to submit bids and the actual issue and settlement day. In Euromarket jargon, they were issuer rather than investor driven. In contrast, in a dealer led program, issuers could respond to a specific investor's demand for paper within two hours.

It would be untrue to say that the tender panel is finished. It is still considered the most effective way to distribute large sovereign issues and is ideal for borrowers who want to retain the comfort of underwriting banks prepared to buy the paper if investor demand suddenly dries up. Elsewhere, issuers are appointing a group of dealers — the average is three — to place their paper with end investors.

A further refinement pioneered by Export Development Corporation (EDC) of Canada is to use its dealers as agents rather than principals. In its $500-million program, targeted at the Swiss retail market, EDC posts rates daily, rather than have the banks bid for the paper. The dealers — Crédit Suisse First Boston, Swiss Bank Corporation International and Union Bank of Switzerland (Securities) — are not allowed to own the paper but have to place it firmly.

The paper is issued in flexible maturities and amounts, with denominations taken down to a record low of $10,000 to tempt the retail investor, and this has enabled the borrower at times to save 50 basis points below Libid.

Modeled on the U.S. commercial paper market, the system has been used subsequently by Eurocommercial paper borrowers like PepsiCo, IBM and, more recently, General Motors Acceptance Corporation (GMAC), the financing arm of the U.S. automobile giant. And certainly in terms of the availability of fractured amounts and maturities, it represents a benchmark in the Eurocommercial paper market.

With the exception of GMAC, the refusal of the borrowers to let their paper be traded, however, does open up the ideological divide in the Eurocommercial paper community. Banks have polarized into two camps: those that see end placement — the investor holding the paper to maturity — as the sine qua non of the business and crucial to the issuer's paper and name retaining its value and the traders who see the secondary market as essential to guaranteeing liquidity to investors who may wish to dispose of their paper before it matures.

The GMAC program, while allowing its dealers to trade, represents another benchmark. GMAC is the largest borrower in the U.S. commercial paper market, accounting for 10 percent of the $300 billion outstandings. Although its Eurocommercial paper program is unlimited, it has made no secret of the fact that it wants to acquire a similar proportion. That would result in a $2-billion issue, bringing what many banks see as a welcome depth to a market more accustomed to tentative offerings averaging $250 million.

More large, flexible issues are crucial to draw investors into the Eurocommercial paper market. A large number of London-based banks have invested pride and money in an attempt to become major players, with around 70 having won one or more dealerships.

All would say that in a high-volume, low-margin business that is 60 too many. They point to the U.S. market, which although not identical to its Euromarket equivalent in terms of its much shorter maturities and more concentrated investor base, is dominated by five or six dealers.

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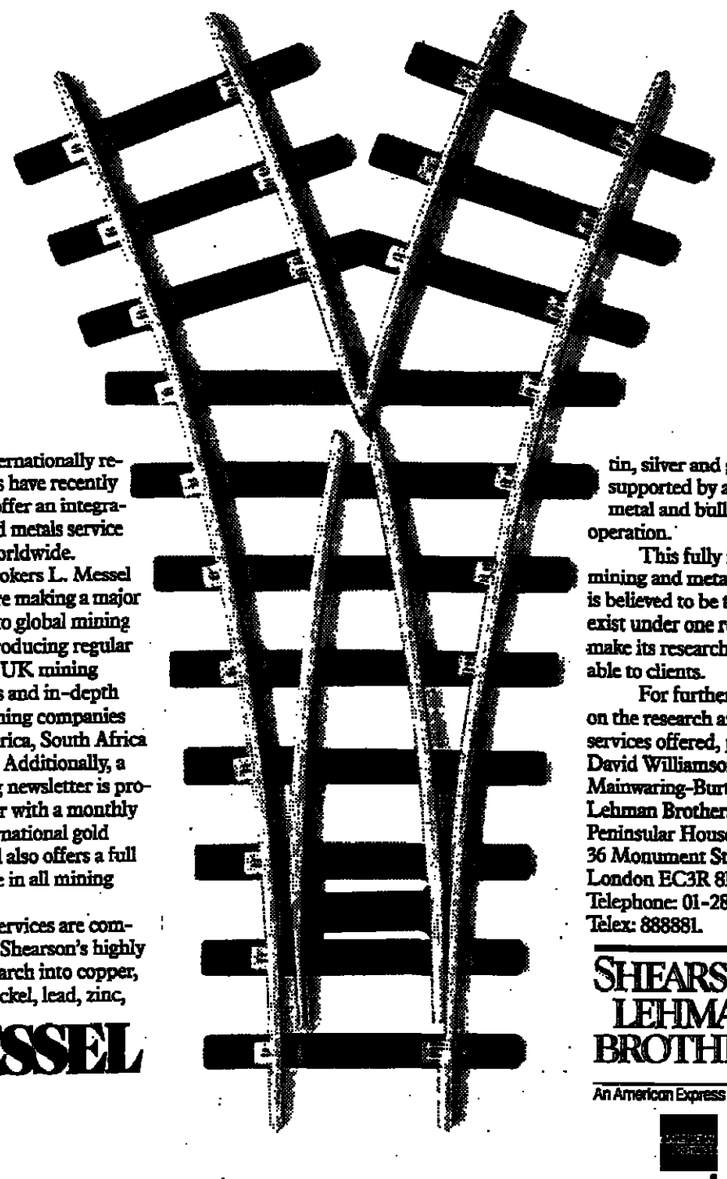

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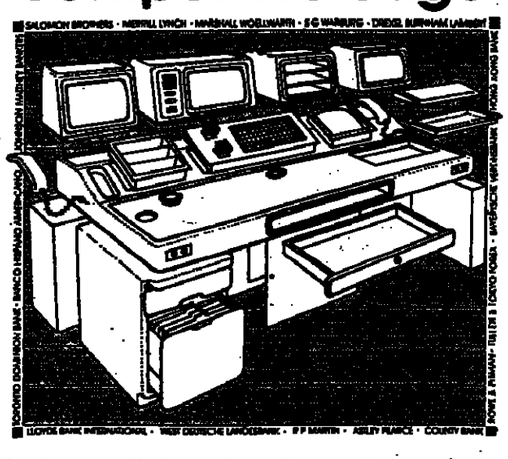

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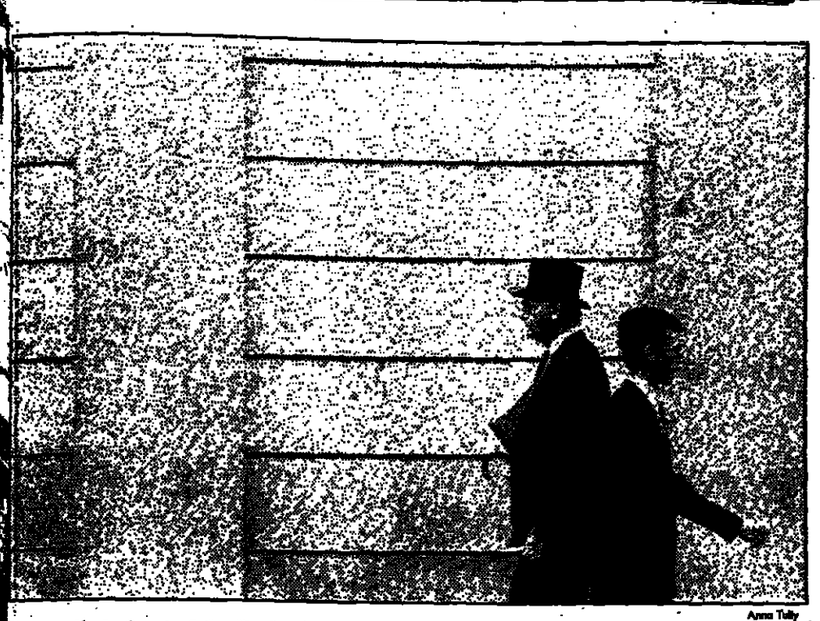


Passersby in front of the Bank of England.

Players Realign, Sell Out As 'Big Bang' Draws Near

By Peter Field

LONDON — Names that reek of the City's cosmopolitan history like Akroyd & Smithers, Vickers da Costa, de Zoete & Bevan, Wedd Durlacher Mordaunt, Capel-Cure Myers and Fielding Newson-Smith are fast disappearing.

In preparation for the financial revolution that will take place in London on Oct. 27, most major stockbroking and jobbing firms like these have sold out to banks, because capital will become the key not just to success but to survival.

After "Big Bang," the names that count will be much larger institutions, British and foreign. They will include conglomerates like the Mercury International Group, which allies merchant bank S.G. Warburg with two brokers, Rowe & Pitman and Mullens, and jobber Akroyd & Smithers, NatWest Investment Bank, which groups the National Westminster's merchant bank, County Bank, with broker Fieldings and jobber Bisgood Bishop, and Barclays de Zoete Wedd.

The other major British players will be merchant banks like Kleinwort Benson, which bought broker Grieveson Grant, and Hill Samuel, which has integrated the Scottish broker Wood Mackenzie into its operations. Morgan Grenfell, the leading corporate finance house, has been late preparing for equity business and may find it difficult to catch up.

The British will face stiff competition from foreign institutions, such as Citicorp, with two brokers, Scrimgeour Kemp-Gee and Vickers da Costa; Chase Manhattan, also with two, Simon & Coates and Laurie, Milbank; Security Pacific, with Hoare Govett; Union Bank of Switzerland, with Phillips & Drew, and Hongkong and Shanghai Bank with James Capel.

Watch out, too, for the American investment and brokerage houses like Merrill Lynch, Goldman, Sachs, Morgan Stanley, Salomon Brothers and Shearson Lehman, and in the longer term for the Japanese, especially the Nomura Securities. Merrill bought a jobber, A.R. Giles and Cresswell, last year, and Shearson bought the stockbroker L. Messel, which is strong in gilts. Otherwise the U.S. firms have been content to build up their own expertise and hire individuals from British institutions where needed, which is mainly in the gilts sector.

The structural changes in the institutions operating in London have been introduced gradually in preparation for Big Bang. They form only one of three major elements that will wreak a dramatic transformation of the City. On Oct. 27, fixed commissions will also be abolished, as will the practice of separating the broking function from the jobbing, or market-making, function.

The realignments among the players in the London market are recognition of how fiercely competitive things are going to be. Already, with formal barriers to outside membership of the London Stock Exchange swept away on March 1, 1986, the equity market is feeling the presence of Merrill and Nomura, which joined the exchange almost immediately.

The British government securities (gilts) market is another indication of the revolution to come. At present there are two market-makers that count. After Big Bang, there will be 28, including not only subsidiaries of all the major British clearing banks, merchant banks and brokers, but also powerful American names like Citicorp, Bankers Trust, Morgan Guaranty, Goldman and Salomon Brothers.

"It'll become extremely competitive," said a British gilts specialist, "but who the hell can afford to drop out?"

Realignment of the players in the market was the first and most protracted stage in the preparations for Big Bang. As soon as it became obvious that banks would be allowed into the equities in London, there was a rush to strike deals with brokers and jobbers, especially from American commercial banks that are legally debarred from that business in their own country.

Initially, banks bought up to 29.9 percent of broking and jobbing firms, the maximum allowed until March this year when the limit was abolished. All the banks with broking or jobbing alliances have now taken or are in the process of taking majority control of the firms.

The pioneer in this area was Security Pacific, which took 29.9 percent of Hoare Govett in June 1982, 18 months to two years before most of its major competitors made their moves. As a result, the Californian bank paid only £8.1 million ($5.4 million) for its stake in one of London's leading brokers, whereas later acquisitions by other banks, when the bidding was much more frenetic because of the diminishing number of candidates, cost the purchasers as much as £100 million.

Almost all this money was paid to the partners of the purchased firms, since they were the only assets. It is estimated that several hundred millionaires were created in London as a result. Most of the partners, however, are locked into service with their new employers for up to five years before they can realize all their newfound wealth. These arrangements are called golden handcuffs.

It is not only the partners who are being enriched by Big Bang. The influx of so many new players into the market has put dealing and research skills at a premium. Teams of analysts or dealers have moved from one firm to another for financial packages that are mind-boggling by British standards. These often include signing on fees of upwards of £160,000 as well as salary and bonuses of £500,000.

"I think compensation packages have become ridiculously high," agreed the senior partner of a jobbing firm in London, "and they've got to come back down. But that's the marketplace at the moment."

Not all the institutions operating in London believe big is beautiful. Some have stayed aloof from the scramble to link up with others, such as the stockbroker Cazenove & Co., which believes it can make a virtue out of its traditional exclusiveness. Another is Lazard Brothers & Co., a merchant bank that often works on deals with Cazenove.

One of the four principal British clearing banks, Lloyds, has also chosen, like the U.S. investment banks, to build up its own teams for the new markets, rather than buying whole firms.

Reforms Open Financial Field

(Continued from Page 9)

on the wholesale side with corporate loan demand down and everyone jumping on the bandwagon of securitized transactions, which favor merchant and investment banks. They are, therefore, having to make huge investments in capital market activities to avoid losing their corporate customer base.

On the other side of the balance sheet, everybody wants to get into the mortgage market, partly because the building societies — many of them locally based, old-fashioned and totally lacking shareholder participation — have been slow to capitalize on the quality of the assets on their books. Many foreign banks in London had been offering attractive mortgage deals before Salomon Brothers launched its mortgage subsidiary a few weeks ago.

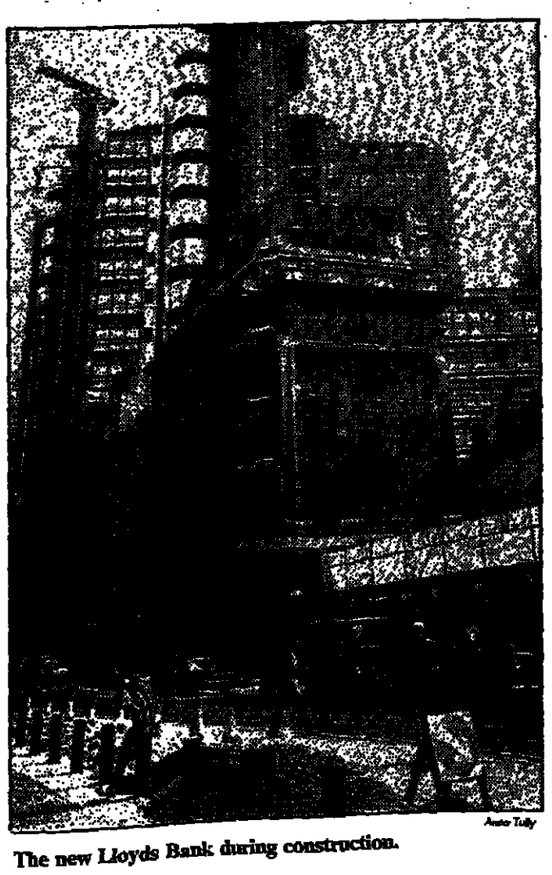
And the major clearers whose big push in that market came about five years ago have sharpened their teeth. Lloyds has offered to customers prepared to bet on interest rates a fixed-rate mortgage as an alternative to the traditional British floating-rate deal.

This is tantalizing for the consumer, but it does involve more risk. Already there has been a sharp rise in foreclosures on property for which the owner can no longer service the mortgage. As more institutions enter the market and switching of mortgages becomes more common, the risk will increase.

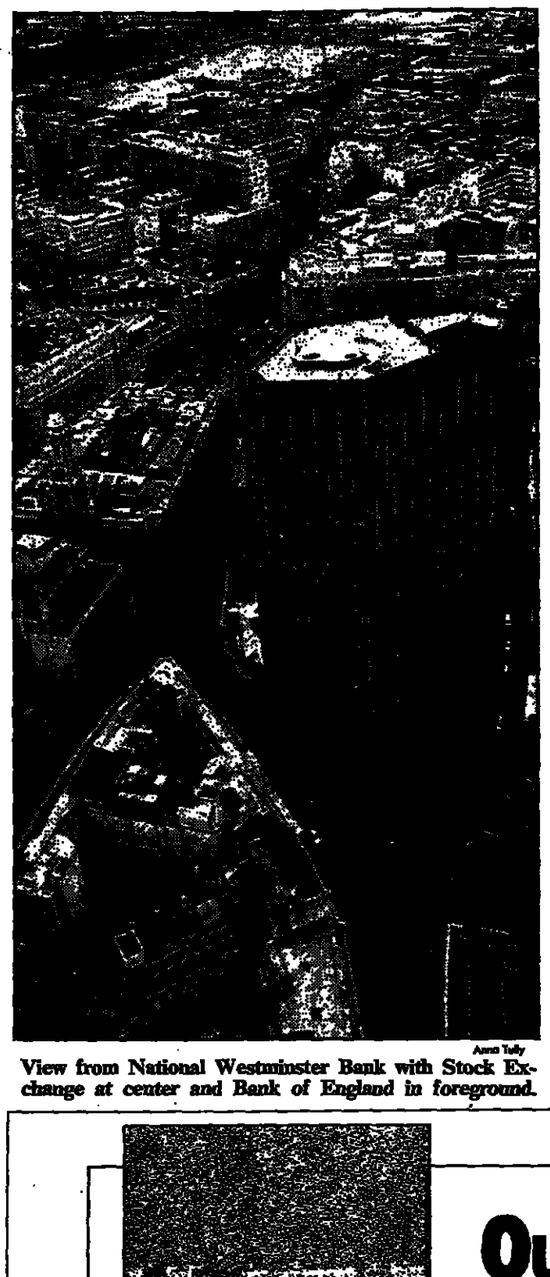
There are risks, too, in building societies diversifying from their traditional savings/mortgage base into financial services where they have less experience. It seems clear that there will be further rationalization among the societies: several larger ones have already combined to try to compete better. The building societies bill will allow them to incorporate. After that, other institutions, including foreign banks like Citicorp, may take them over.

Indeed, the number of operators needs paring down across the board in the British financial sector. The Lloyds bid for Standard Chartered may be the precursor of many such bids and mergers.

By the end of the decade, Britain will be divided between financial supermarkets, which offer all types of services and products, from loans and mortgages to share dealing, life insurance and pensions, and the so-called niche players, concentrating on one or a limited range of services. Those in the middle will not stand a chance.



The new Lloyds Bank during construction.



View from National Westminster Bank with Stock Exchange at center and Bank of England in foreground.

Unregulated Market Gives Ris To Wave of Banking Mergers

By Terry Trucco

LONDON — One of the more tangible effects of Britain's "Big Bang" in deregulation can be seen in the names of the City of London's securities houses. Grieveson Grant is now Kleinwort Grieveson. Fielding Newson Smith is called Continent West. And the two firms of Laurie Milbank and Simon & Coates have turned into Chase Manhattan Securities.

The past four years have seen a wave of mergers and tie-ups involving close to 100 banks, investment banks, brokerage houses and dealers. Virtually every notable firm of brokers and jobbers, as traders are known, has been swept up by a bank or financial conglomerate, with the pointed exception of Cazenove & Co, the maverick aristocratic brokers.

Indeed, the total amount paid by investors, both British and foreign, is estimated at between £1 billion and £2 billion ($1.55 billion and $3.1 billion). While British firms dominate the proceedings, just under 20 foreign firms have entered the buying fray, including Citicorp, Chase Manhattan, Shearson Lehman/American Express, Security Pacific, Crédit Suisse-First Boston, Union Bank of Switzerland, Deutsche Bank and the Hongkong & Shanghai Bank.

For British buyers and sellers alike, the link-ups are viewed as a key to survival in the City's new freewheeling, unregulated game. Sellers need capital backing. Buyers need size, muscle and a diversity of services, particularly to stay afloat in the City's new international atmosphere.

"One of the worrying things for British firms is whether we have the capital to make it," a merchant bank director noted. "It is doubtful whether many British firms can survive in this international game."

For foreign concerns, particularly the large international conglomerates, the moves are a way to gain an entry into new businesses, move into once-exclusive territory and position themselves for 24-hour global trading. Deregulation allowed foreign firms to purchase securities houses gradually, with an initial purchase of 29.9 percent. But this year the stake was increased to 100 percent.

British firms have expressed concern over the foreign invasion — and in particular what many see as an American invasion — but in fact this has not been as sweeping as it might have been. Not all large American financial conglomerates have entered the fray, notably giant Merrill Lynch, which limited its acquisitions to the jobbers firm of Giles & Cresswell, gilts specialists.

"This is a people business, and we'd rather bring in our own people than buy out a company," noted a company official. The firm already has a seat on the stock exchange, he added.

Also conspicuously absent are the Japanese. Nomura Securities, for example, declined purchase of a company because they already had a stock exchange seat and did not feel it necessary to make a larger commitment to satisfy their mainly Japanese clients. But a staff member suggests that the Japanese cultural bias against mergers and acquisitions was also a factor.

Foreign firms that have bought into the City agree that there's a speculative edge to their investment and that it will take time to see a return. Chase Manhattan expects the first 18 months to be "very tough," as one company official puts it. At the same time amount of money to be ma London may not be all that s compared to that on Wall S even for the winners. Total ca ization of the London mar $290 billion, compared with trillion in New York.

But certain attractions strong. London, along with T and New York, is a vital a international finance. With th in 24-hour global equities tra London occupies a strategic

European banks tend to see don's deregulation as a way orient their businesses overs set up shop where the action

Institutions that invest in firms also stand to reap the be of customer lists and custome alty that their new British aff will bring. It is also a disp goodwill and commitment City.

Yet, for some, these assets already been blunted somewh all the job movement Big Ban set off. Job-hopping was o City rarity, but huge salar creases and expansion-pro promotions have changed tha many investors, foreign and alike, have wound up with staffed almost entirely by new ple.

But a London berth offers cial sweetener to large Am commercial banks, like Chas Citicorp. The City's deregu can be seen as a prelude to th changes in the United States, would follow the repeal Glass-Steagall Act of 1934. T which bars banks from most ican securities markets, is ex to be repealed in the near and London offers a hint o could happen.

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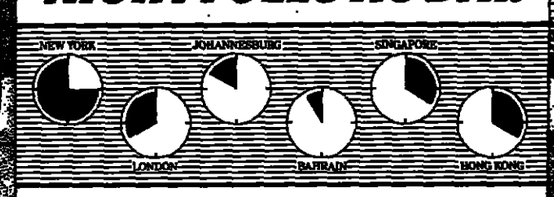

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SPECIAL FINANCIAL REPORT

Casualty, Property Rally On Insurance Upturn

By Terry Trucco

LONDON — The current year me proved to be one of big change ex Britain's insurance industry, ro for many companies, things never be the same.

cu The most dramatic changes by JFI are in the once-staid life in- ance field. Spurred by increased petition and new legislation, ny of the biggest, best-known to urers are moving aggressively ono financial services, offering ev- ic thing from unit trusts to proper- sales.

The Prudential Corporation, tain's life insurance giant, re- tly unveiled a project whereby new Prudential Property Ser- es division guarantees sale of a ant's house should the firm find odless another property. And other mpanies, including Legal & Gen- l, London and Manchester and n Life, are moving as far afield.

illent "The pressures toward forming ith a ancial service conglomerates are erra ense at the moment, but they're 00 W o causing considerable uncer- nties in the sector," said Roger rnsmc urvey, an analyst with Greenwell de Dontagu & Co.

exp For very different reasons, 1986 Des proving equally memorable for e nation's property and casualty tor, which has finally rallied af- several disastrous years.

excell Some analysts predict that this cyclin uld be the biggest upturn in 20 ars, the result of tight capacity d increased rates.

"It's a cyclical change, but sud- arnenly there's a favorable environ- cent," said Christopher Pountain, 54 7 analyst with Wood Mackenzie 245; Co. Ltd. "And it could last an- her year."

Analysts have mixed reactions to lassic life insurance industry's anges although most agree that cy were inevitable. Among the uses were increased government egulation, proposed introduction personal pensions, changes in e role of such intermediaries as nks and building societies and hat some term a natural maturation of the market.

"What we're seeing over all is a ir. Sirly cartelized and protected mar- t facing competition from a vari- y of sources," said Paul Coombs, partner with McKinsey & Co. 50 K. "Insurance is now being seen mply as an investment medium e same as any other, and a lot of ese companies are finding this fficult to accept."

Last year Britain's life insurance industry reaped a worldwide net premium income of £17.2 billion ($11.4 billion), up 9 percent over 1984. In contrast, the nation's non-life insurance revenues totaled £15.7 billion, up 11.5 percent.

No one is predicting major casualties at present. But the situation poses serious management questions for companies. Ill-conceived changes could leave firms stranded in unfamiliar businesses or hastily launched copycat endeavors. There is also concern that companies will divert management attention from basic insurance matters while pursuing the new fields.

Major reforms in distribution channels and salesman remunerations are also predicted as a cost-saving measure.

"In the past, it was just a matter of collecting cash and paying premiums, which were all in the company's favor," said Bill Turner, a principal at McKinsey. "But now, with prices more competitive and added disclosure, the performance of the company's investments will be a key marketing factor."

Another threat could come from building societies and particularly market-savvy banks, which, despite deregulation, have not yet entered the insurers' bailiwick.

The improved situation in general insurance was reflected in the favorable year-end results, released in May, for Commercial Union Assurance, General Accident and Royal Insurance, three large international composites. The sector's recovery began in the United States, where all three firms had raised rates, reduced liability exposure and rationalized operations.

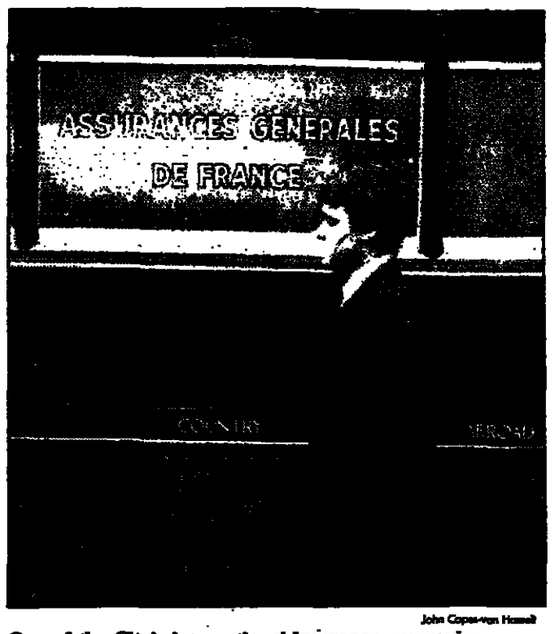
Despite this, 1985 again showed a disappointing £9-million underwriting loss for Britain's general insurers worldwide. But that was down from the previous year's £84-million pound deficit, and analysts predict 1986 will be much better.

Also improving the outlook for large composites is the international reinsurance industry's newly tightened capacity.

As reinsurance rates rise, many small companies that spread risks among various reinsurers will be strapped, and the large composites replace them, according to John Ross, an analyst with Wood MacKenzie.

Yet in an international market, the large composites still face fierce competition from brokers.

Britain's share of the international market has also continued to contract, due to the development of strong — and closed — markets in Japan and elsewhere and long-term market loss in the United States. At present, Britain has between 7 percent and 8 percent of the world market, and about 1 percent of that is attributable to Lloyds.



John Copes-von Hasselt

One of the City's international insurance companies.

John Copes-von Hasselt

Brokers get together at Lloyds, London's leading insurance company.

International Markets Continue to Flourish

By Peter Field

LONDON — In contrast to the stock market, which has managed to remain a cozy little club until this year, international markets with no barriers to entry and with very little formal structure and regulation have grown in London at a phenomenal pace over the past 25 years.

London is the center of the markets for Eurobonds, Euronotes, Eurocredits and international equities. It's the biggest foreign exchange dealing center, turning over $100 billion to $150 billion on a busy day.

The City is also probably the prime base for arranging interest-rate and currency swaps (though New York might dispute this), since some 75 to 80 percent of all new issues in the Eurobond market are reckoned to be swap-related. Just about the only markets London hasn't cornered are futures and options, which are concentrated in Chicago and Philadelphia.

The Euromarkets started to develop in the 1960s partly in response to regulatory moves in the United States and partly because of the growing role of the dollar in world finance. London was able to capitalize on this by virtue of its time-zone position between Asia and New York and because it already had a healthy banking and dealing infrastructure.

Once the markets had developed a life of their own in London and, for a time, Paris, it was difficult to kill them off, and every threat to their continuance has turned out to be a false alarm — including the last one, the removal in 1984 of the 30 percent U.S. withholding tax on interest and dividends paid to foreign investors.

For a long time, the syndicated Eurocredit market was the go-go market in London with billions raised each year for sovereign governments and major corporations. But, thanks to the Third World debt crisis, that market remains in the doldrums, and has been superseded by the burgeoning Euronote market and a vastly expanded Eurobond market.

As bank lending has declined since 1982, so the Eurobond market has grown from $53 billion of new issues in 1983 to $86 billion in 1984 and $131 billion in 1985. Already this year, more than $80 billion has been raised.

This boom, however, disguises a number of problems. Too many banks are out to buy an elusive market share. As a result, many issues are mispriced and immediately fall to a discount in the secondary market; or too many issues are brought to the market at a time when investor demand is limited.

Many recent issues have still to be placed in firm investor hands, yet the tide of new issues is unlikely to be stemmed.

The lead manager rankings are dominated by the leading American houses and a few Europeans. This year has seen the Japanese boldly capitalizing on their massive placing power back home to crash up the lead manager tables with a string of aggressive deals.

Just about the only markets London hasn't cornered are futures and options.

"There are signs that they are going to do in the financial markets what they did in the industrial markets," said an American banker in London.

At the same time the market for Euronotes has been maturing rapidly as an alternative to the syndicated credit market, and it accounted for about $72 billion in 1985, against only about $20 billion in 1984, though the vast bulk of these facilities were not actually drawn down during 1985, and many still aren't.

From this market has developed over the past year or so a Eurocommercial paper market, where paper is issued without an underwriting group. Until last year, Bank of America in London was the clear market leader in note facilities. Now Citicorp dominates.

The latest market to burgeon in London is international equities, which are growing on the back of the Eurobond market, since the investment banks and the distribution channels used to offer them are largely the same. For instance, a third of the first share issue for Benetton, the Italian clothing manufacturer, in June was placed internationally through a syndicate led by Morgan Stanley International and Crédit Suisse First Boston in London.

Also in June, Electrolux, the Swedish appliance manufacturer, raised $300 million through an international share offering that was coordinated by Enskilda Securities in London.

This type of development is evidence of the trend to globalization of the markets, of the trend to issuing and trading all types of instruments of whatever currency and maturity around the world on a 24-hour basis. London's experience of the Euromarkets and its pivotal position between the other two key financial centers, Tokyo and New York, gives it the edge here, too.

Why else would American, Japanese and European banks be swamping London with new personnel (inflating central London real estate prices in the process)? Morgan Stanley, for instance, now has over 500 people crammed into its offices in the City and expects to have 750 by next year.

The breakdown of the barriers between different markets and different types of instruments has been spurred by worldwide deregulation, whether in London, Tokyo, Australia, the Netherlands, France or West Germany; by the increasing domination of the markets by institutional investors at the expense of individuals, who have been pushed into the background since the mid-1970s; by the preference of these institutions for holding in their portfolios tradeable securities that can be bought or sold any time of the day and night; and by huge advances in communications and information technology.

London's position, however, is not unassailable. The international bankers and brokers based in London are holding their breath on the final shape of the Financial Services Bill and the Securities and Investments Board, which will oversee the different markets after Big Bang. They fear that the present system of self-regulation in the wholesale markets may be threatened because of several scandals in the City and pressure from opposition parties in parliament.

Bankers' confidence in the Thatcher government was also dented by the March budget proposal to impose a 5 percent tax on the conversion of British shares into American Depositary Receipts (ADRs), which permit American investors to deal in them as if they were domestic equities.

The tax was later lowered to 1½ percent after protests from British companies that have a large number of their shares held as ADRs and from bankers. But the general opinion is that any tax is a bar to the emergence of a genuinely international equity market.

A senior American banker in London said: "It is a great step backwards just at the time when controls of various kinds are being taken down to the benefit of the efficiency of the marketplace."

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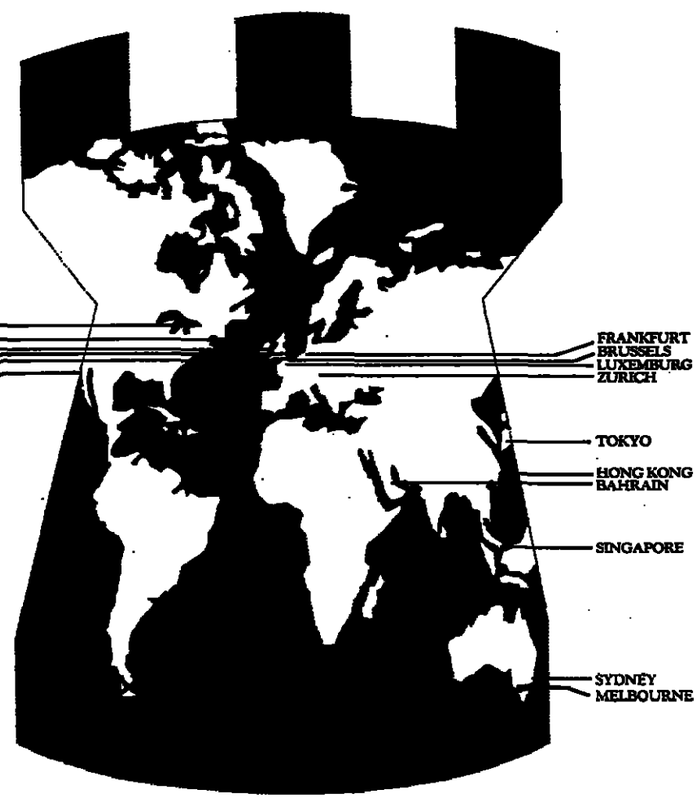

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هكذا صدر الأصل

A SPECIAL FINANCIAL REPORT

vestors Turn to Futures as Traditional Commodity Markets Slump

by Lynne Curry

ON — Trade on the Lonrnational Financial Fuchange has boomed in the years, as turnover on the ditional commodity marslumped dramatically.

the growth of the financial the retail client is turning ward them," said Mark s, a vice president of Dean ynolds Inc. "This has defken some of the volume soft commodities in Lonvolume has dropped sig-"

J Spense, an analyst at E. Mann International, said, as been a gradual shift in ouple of years. Trading in instruments is a quicker ake a buck."

slow start when it opened its volume has since iffe now offers an array of in interest rates, Eurodolncies, options and a stock

this year, its average daily of 29,000 contracts is uble the 13,500 figure it the last quarter of 1985. ms that Liffe is doing 15 billion to £20 billion business a day.

growth is due to several n intense marketing cam- expansion of financial round the world, memcross the financial spec- the use of instruments — rrencies and T-bonds — e can judge more clearly ultural products like po- pork bellies.

al *futures have gained* as a hedge against infla- rest rates and currency volatility, attracting much of the investment that previously provided liquidity for commodity exchanges.

Liffe will also get a boost in October from British government securities, or gilt market, after the deregulation of the Stock Exchange. At that time the separation *of the functions of brokers and* market makers will be eliminated. Previously dominated by the Stock Exchange, the market will be open to 28 primary dealers named by the Bank of England.

"We will be moving to a position where many more organizations will be required to make a market across a range of securities and they will make more use of the futures market as well as cash," *said Michael Jenkins, chief* executive of Liffe. "We could see a big increase in growth."

He anticipated that deregulation could also lead to wider use of Liffe's contracts in long and short gilts and the stock index.

Even with the spectacular growth of Liffe, exchange officials have continued to introduce new financial products and are likely to develop more options contracts. There are also plans to launch a Japanese yen government bond futures contract toward the end of this year or in the first quarter of 1987.

Liffe also hopes to move toward 'round-the-clock trading with a link to the Sydney Futures Exchange. This would enable customers to open a position in London and close it in Sydney. Both exchanges are currently holding discussions about the matter, and if they are successful, the Sydney Exchange would introduce Eurodollar futures contracts identical with those now traded on Liffe.

The Chicago Mercantile exchange has a similar trading link with the Singapore International *Monetary Exchange (SIMEX).*

As volume on Liffe has rocketed, it has plunged in the soft commodities — cocoa, coffee, and sugar — on the London Commodity Exchange. Total turnover fell from 4.3 *million contracts in 1980 to 2.6* million last year.

The commodity markets have been beset with a series of problems. The markets have suffered from an underlying weakness in *most soft commodities and a lack* of liquidity.

At the same time, London has been hurt by *American exchanges* eagerly pursuing overseas business and successfully attracting it. Unlike London, which has traditionally been dominated by the trade, U.S. markets also have a large population of private investors and speculators who help keep the markets active.

"The advantages of the LCE are quality and cost," said Saxon Tate, chairman of the LCE, "but these are outweighed by lack of liquidity, and it is liquidity that we've got to go after."

The LCE has also been hampered by trading *conducted on different floors instead of in one area,* its previous management structure and a culture that has tended to be conservative even in the City.

But under Mr. Tate's leadership, the LCE is revving up to woo back some of the business it has lost to Liffe. Next spring the LCE and the International Petroleum Exchange will move to new premises where trading will be done on one floor and traders will be able to go easily from pit to pit, depending on the level of activity.

The LCE also plans to offer traded options in all of its soft commodities and is considering options in other products.

The LCE also actively supports the upcoming financial services bill, is aimed at investor protection. When the United States Commodities Futures Trading Commission (CFTC) was established in the mid-*'70s to regulate the industry, inves*tors bypassed London and dealt more in U.S. markets because they were properly regulated. The LCE believes the introduction of a regulatory framework will help create the kind of climate to attract more private investors.

Despite its bleak record, the LCE has experienced a few rallies in coffee prices earlier this year to help push up its turnover 38 percent in the first five months of 1986 compared with the same period last year.

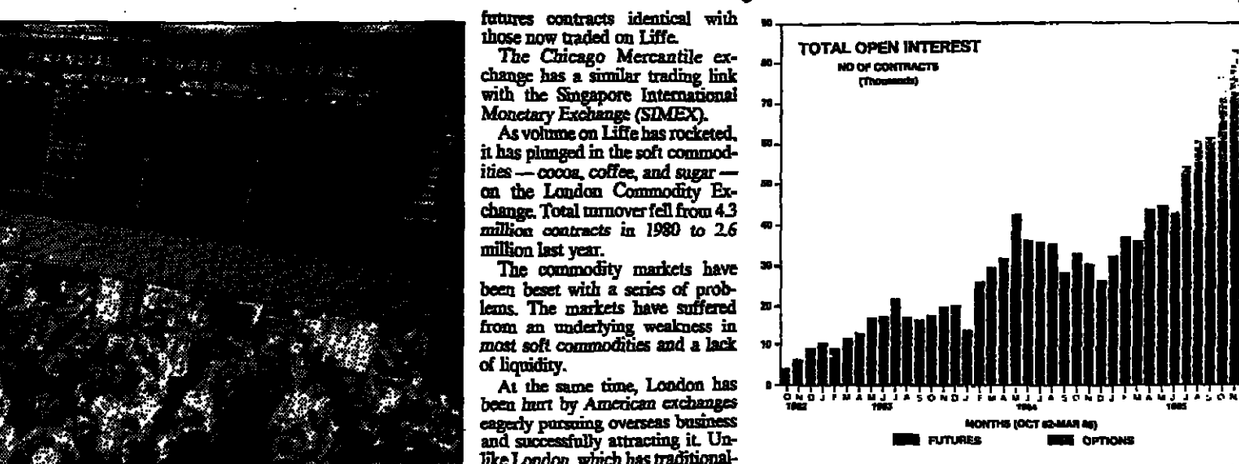
Trading on the London Metals Exchange has languished as much as, if not more than, that in softer commodities following the tin crisis late last year. The crisis broke when the International Tin Council, which administered an intergovernment price support pact, ran out of money in October. The LME set a setlement price for all tin *contracts and closed the tin market* for good.

The impact on trading on the LME was severe and the outlook remains bleak in the near future.

"Ever since November, the markets have been dreadful," said Alan Davison, a metals analyst at Shearson Lehman Brothers. "The tin crisis destroyed confidence and there is lack of demand. There are no speculators. The LME will have to change its ways."

The Associated Press

A hectic trading session on the floor of Liffe, housed in the Royal Exchange building.



visions on Insider Trading

(Continued from Page 9)

onviction on indictment limited fine, both deterthe judge.

resent system, the stock investigates suspicious ments and recommends es to the Department of Industry for prosecu-

, the trade department's d for prosecution has nal and only the most s have been taken to e 1980, the stock exreferred 93 cases to the t. Only five have resultecution, of which three re found guilty.

artment's poor performe to a number of facost important of which is lty of proving insider nclusively to satisfy a w.

ast, before insider trad- a criminal offense, the ange could investigate o it thought was inrading in a share ahead While it did not have owers, it could make its ublic and censure the y.

, a legal loophole has both the ability of the ange and the Departade and Industry to do a nvestigation. In its ertain evidence, the gov- as the power to require to show their records, ot been able to compel nd nonmembers of the nge to respond orally to This has been a particuus issue when foreign ompanies are involved, omes difficult to deterownership of shares.

r, because the individed is being charged with act, it has become virtusible for the stock exublish its findings with e evidence.

government hopes to situation with the pas- financial services bill ear. The legislation will e the right to silence if y suspicion of insider will treat a refusal to estions as contempt of

, the stock exchange ve the power to force bers or nonmembers to evidence in cases of ling. That power will e secretary of state and to be delegated to the & Investments Board, chdog agency to be set he act, except in minor stigation and prosecu- s will probably be rehe trade department in r cases.

on to the adoption of al measures, the stock new electronic dealing de reporting system will re difficult to conclude is unnoticed.

a takeovers are the main cern in insider trading, e the trend toward havr placings instead of s could exacerbate the Britain, companies traaise money with rights e allow existing shareit call to subscribe for in proportion to their ldings of a company's a vendor placing, how- are sold to outside inter than existing share-

issue that has prompted ontroversy among City investors about shareus to participate in new sues a company's needs ds quickly and cheaply. kers believe that, as the large conglomerates canvass other institutions to determine who would be able to participate in a placing — similar to "bought deals" in the United States — there is a danger that price-sensitive information could leak and lead to insider trading.

While the British government is seeking to tighten its insider trading laws and is currently holding talks with Japan and the United States about collaborating in cases of insider trading, the approach to the problem varies in Europe. For example, in France it is a criminal offense, whereas in Italy, it is not. In the Netherlands, authorities are considering legislation to make it illegal, and in Belgium the issue is also under review.

In Switzerland, although there is a bill before parliament to make it a criminal offense, it is currently considered illegal only if an individual in a company passes the information to an outsider.

The European Community is taking steps to restrict insider trading. The European Commission is expected to submit a draft directive to the council of ministers by the *end of the year, but it is unlikely to* be adopted by the community before the early 1990s.

Options Lead Gains at Liffe

(Continued from Page 10)

Tokyo Stock Exchange means that, if the Liffe/CBOT link is approved, it will pave the way for 24-hour trading in yen bond futures. That link-up could eventually embrace U.S. Treasury bond futures as well.

Liffe already trades an identical contract to the Chicago Board of Trade's — the world's most actively traded futures contract. Liffe is also working with Chicago on trading a contract on Eurobond futures.

Liffe's planned link with the Sydney futures exchange was approved by the exchange's board in May. A Liffe membership survey, undertaken following an initial approach from the Australian exchange, revealed strong interest in fungibility between the exchanges.

Sydney's approach to Liffe was based on the growing trade in its U.S. Treasury bond and Eurodollar futures contracts, which are identical to those traded on the London exchange. Fungibility of the two futures contracts is expected to be followed by interchangeability between options. The planned link *would consolidate both exchanges'* positions in the Asia-Pacific area.

Both Liffe and the London Stock Exchange expect London's status as an international center to be enhanced by the Big Bang.

"There have been three shifts in the development of Liffe," Mr. Williamson noted. "The first gear was getting volume going on the products we had, getting the system working and persuading people it was a viable market. The second gear brought in more products, options in particular, with the aim of consolidating our strengths. The third gear is to develop the international side of the business. It's obvious more and more people are coming to London to run their trading arms around the world because of its international benefits. We are expanding our systems to enable us to increase our capacity fivefold."

Mr. Reed also expected the London market to benefit from its renowned international status.

"First of all the substantial *growth in the resources which the* international securities houses are applying to London will generate *more business,"* he said. "Secondly, the comprehensive review of regulatory policies which is now taking place will ensure that London will remain one of the best regulated markets in the world, and that will attract participants."

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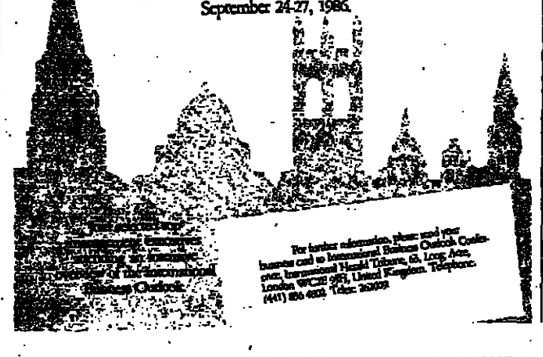

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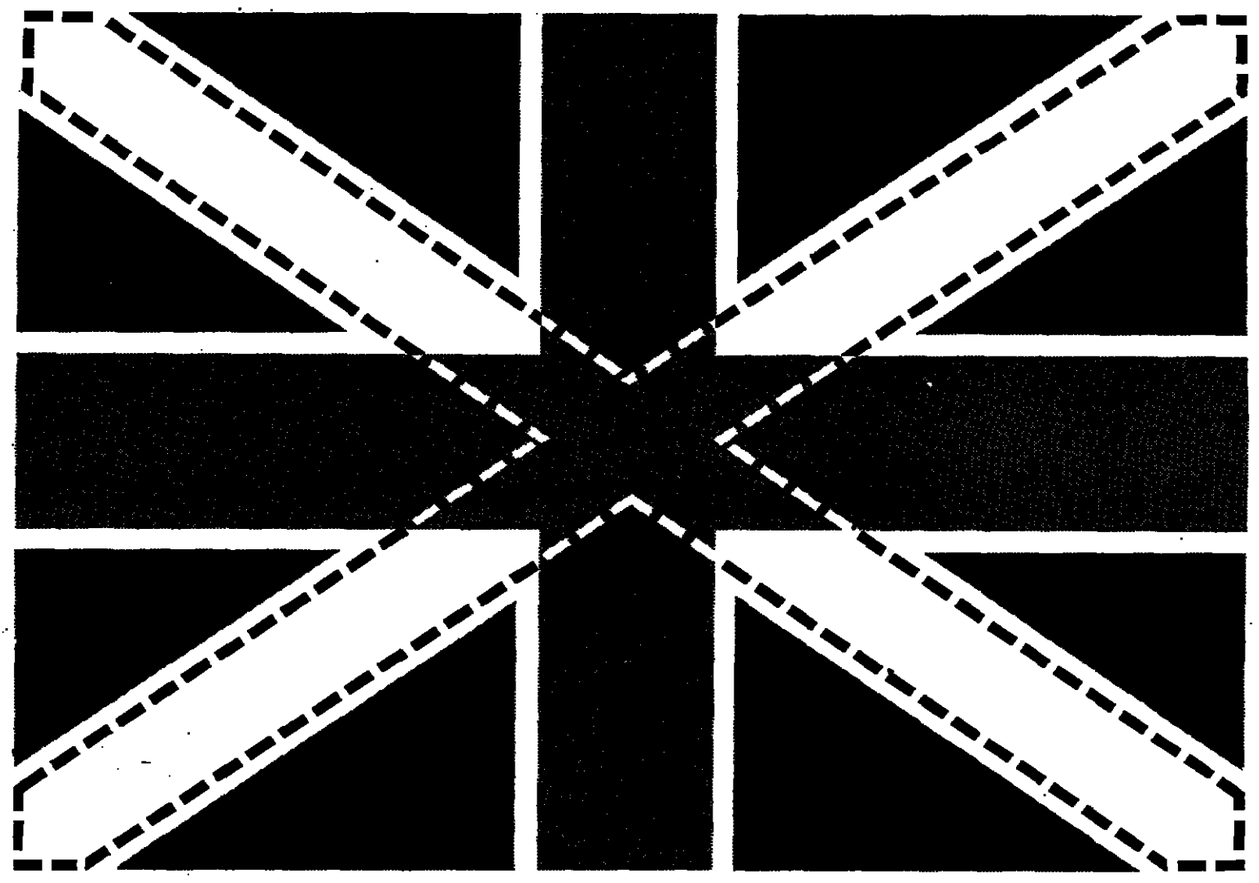

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RECENT ISSUES

July 3

Amt	Security	%	Mat	Str/Conv	Issue Price	Mid Price	Yield
dm 100	Mc Dermott	6½	'91 Jul	s	99¾	97	7.34
ecu 150	Nippon Telegra Teleph	7	'93 Jul	s	100¼	103	6.45
dm 250	Enel Ente Naz Energia	5⅝	'91 Jul	s	100	99⅝	6.08
$ 150	Sweden	8⅞	'94 Jul	s	99½	100⅛	8.82
dm 150	Council Of Europe	6⅝	'94 Jul	s	100	98¼	6.33
dm 300	Eib Europ Invest Bank	6⅛	'96 Jul	s	99½	101½	5.92
$ 150	Marks & Spencer Finan	8¼	'96 Jul	s	100¼	100	8.25
dm 150	Norsk Data W/w	3	'93 Jul	s	100	181	2.84
dm 200	Banque Exter D'algeri	6⅝	'92 Jul	s	100	97½	7.28
$ 200	General Motors Accept	8½	'93 Jun	s	101	102	8.11
$ 150	World Bank	8½	'16 Jun	s	100¼	97⅝	8.77
Y 45000	Australia	5½	'91 Jun	s	101½	98¾	5.83
Y 22000	General Motors Corp	5⅝	'91 Jun	s	101½	97	6.47
dm 100	Eurofima	6¼	'96 Jun	s	100	100	6.25
dm 100	Intershop O/s Fin W/w	[illegible]	'96 Jul	s	100	99	2.87
$ 150	Royal Bank Of Canada	8⅝	'93 Jun	s	100½	98¾	8.82
$ 100	New Zealand	7¾	'90 Jun	s	100¼	99¼	7.97
$ 100	New Zealand	8	'93 Jun	s	99¾	98¾	8.24
$ 100	Queensland	8	'91 Jun	s	100	99⅝	8.83
dm 100	Bank Leu (lux) Sa W/w	2½	'96 Jun	s	100	100	2.50
dm 200	Portugal	6⅝	'94 Jun	s	100¼	98	6.94
dm 125	Ind Mtge Bank Finland	6¼	'92 Jun	s	100	99¼	6.30
dm 250	Lufthansa Intl Financ	6	'96 Jun	s	100	96¼	6.45
dm 250	Lufthansa Intl Financ	6¼	'94 Jun	s	100	94	6.72
$ 100	Rouse Company 25.40	5⅝	'96 Jun	c	100	95½	4.50
dm 100	African Develop Bank	6¼	'96 May	s	100	95¼	6.93
$ 130	Japan Highway Pub Co	7¾	'96 Jun	s	100¾	96¼	8.50
$ 150	Natl Westminster Bk	7½	'91 Jun	s	100¾	98¾	7.87
dm 500	Daimler Benz Intl Fin	5¾	'01 May	s	100	97	6.06
$ 70	American Banker 50.96	5¼	'00 Mar	c	100	99	5.85

STRAIGHT BONDS
All Currencies Except DM

Columns: Amt | Security | % | Mat | Middle Price | Yield: Mat, Ave Life, Curr

AUSTRALIA

AUSTRIA

BELGIUM

CANADA

DENMARK

FINLAND

FRANCE

GERMANY

ICELAND

IRELAND

ITALY

JAPAN

MEXICO

MISCELLANEOUS

NETHERLANDS

NEW ZEALAND

NORWAY

SOUTH AFRICA

SPAIN

SUPRANATIONAL

SWEDEN

SWITZERLAND

UNITED KINGDOM

UNITED STATES AMERICA

HIGHEST YIELDS
to Average Life Below 5 Years

Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
$ 15	Ward Foods O/s Capita	5¾	'88 Nov	80	14.75	18.23	7.19
$ 125	Pemex Petroleos Mexic	11½	'88 Jul	92½	14.19	16.96	12.43
$ 30	Mexico	8¾	'91 Dec	83	13.29	14.39	10.54
$ 40	Mexico	8½	'87 Mar	96½	13.88	13.90	8.81
$ 25	South Africa	7¾	'87 Dec	93	13.26	13.59	8.33
$ 50	Uer O/s Finance	13½	'88 Oct	101½	12.62	12.53	13.30
$ 65	Eec Europ Econom Com	14¾	'93 Apr	106½	13.21	12.46	13.85
$ 75	Socl Nat Chemins Fer	13	'91 Feb	104¼	11.57	11.09	12.41
$ 75	Forsmarks Kraftgrupp	13¾	'92 Oct	108	11.83	11.06	12.73
c$ 25	Ips Canadian Finance	10	'96 Aug	99	22.81	22.90	10.10
$ 30	Sdr Develop Regional	15½	'92 Apr	105	14.12	13.43	14.76
l 12	Rothschild Inv Holdin	14½	'90 Aug	103¼	13.27	13.27	13.99
nkr 100	Norges Hypotekforenin	10½	'88 Apr	98¼	11.58	11.93	10.69
l 15	Eib Europ Invest Bank	12	'91 Jan	101½	11.58	11.51	11.82

HIGHEST YIELDS
to Average Life Above 5 Years

Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
$ 50	Dome Petroleum	10	'94 Jul	75½	15.54	14.91	13.25
$ 50	Ingersoll-Rand Intl	13¼	'95 Oct	107	11.93	11.58	12.38
$ 75	Caisse Nat Autoroutes	15⅝	'97 Mar	118	12.57	11.19	13.23
$ 75	Intl Standard Electri	12	'96 Mar	106	10.94	10.60	11.32
$ 100	Alaska Housing Fin Co	11¾	'94 Feb	106	10.54	10.50	11.08
$ 75	Ottawa-Carleton	14¾	'97 Jan	120½	11.38	9.99	12.24
$ 125	Michelin	10	'94 Aug	101	9.81	9.76	9.90
$ 50	Macmillan Bloedel	9¾	'93 Mar	99¾	9.54	9.58	9.39
$ 54	Japan Airlines	11	'97 Nov	109	9.65	9.55	10.09
c$ 50	Canadian Utilities	17	'96 Dec	120	13.30	12.54	14.17
c$ 40	Royal Bank Of Canada	10	'94 May	100	9.99	9.98	10.00
l 30	Indust Bank Japan Fin	11⅛	'95 Dec	109½	9.95	9.34	10.58
ecu 60	Industrial Bk Finland	9	'95 Oct	104½	8.27	8.14	8.61
ecu 60	Giroz Bank Sparkassen	10½	'93 Dec	112¾	8.13	8.03	9.31

HIGHEST CURRENT YIELDS

Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
$ 175	Mexico	18½	'97 Jul	102	18.05		18.14
$ 75	Pemex Petroleos Mexic	17½	'96 Nov	99	19.71		17.68
$ 75	Transcanada Pipelines	17⅜	'86 Oct	114	15.28		17.07
$ 60	Gulf States O/s Finan	17½	'88 Oct	117	15.68		14.99
$ 75	Genstar	17½	'89 Oct	104	15.74		14.83
$ 75	Ohio Edison Finance	17½	'88 Oct	104	15.16		14.83
$ 50	Winnipeg City	17	'86 Oct	102½	7.39		14.59
$ 100	Tenneco Intl	17	'89 Oct	110	15.66		14.50
$ 50	Niagara Mohawk Financ	17	'89 Sep	103½	15.45		14.43
c$ 60	Hudsons Bay	18	'87 Nov	101	14.82		17.82
c$ 50	Quebec Province	18	'87 Oct	102½	15.25		17.52
c$ 50	Nacional Financiera	17¾	'87 Mar	101½	15.06		17.49
c$ 40	Canadian Pacific	17½	'87 Nov	102	15.75		17.48
c$ 100	Feder Business Dev Bk	17¾	'86 Oct	102	10.58		17.40

FOREIGNTARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES

Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
$ 1000	Us Treasury	11¼	'88 Sep	108	7.34		10.53
$ 1000	Us Treasury	11	'89 Feb	110	7.20		10.00
$ 1000	Us Treasury	9⅝	'89 Aug	107½	7.67		9.19
$ 1000	Us Treasury	8⅝	'96 Feb	106½	7.59		8.10
$ 200	Fed Home Loan Banks	11	'89 Dec	108	8.28		10.22
$ 200	Fed National Mort Ass	11½	'91 Dec	111½	8.73		10.31
Y 50000	Fed National Mort Ass	6⅞	'92 Feb	103¾	6.04		6.63
Y 25000	Student Loan Mark Ass	6¾	'92 Jan	103	5.97		6.63

DM STRAIGHT BONDS

AUSTRALIA

AUSTRIA

BELGIUM

CANADA

CHINA

Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
dm 150	Bank Of China	7	'93 Jun	103	6.37		6.80

DENMARK

Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
dm 100	Denmark	7¾	'87 May	103	3.48		7.84
dm 150	Denmark	6⅝	'87 Dec	108½	6.23	6.22	6.72
dm 100	Denmark	6	'88 Feb	108¾	5.47		5.94
dm 100	Denmark	10	'88 Mar	107	5.45		9.35

FINLAND

FRANCE

GERMANY

HUNGARY

ICELAND

INDIA

IRELAND

ITALY

JAPAN

LUXEMBOURG

MEXICO

MISCELLANEOUS

NETHERLANDS

(Continued on next left-hand page)

ZERO-COUPON BONDS

July 3

Security	Final Maturity	Original Offering Amt	Year	Price	Offered Price
American Intl Group	15 Aug 2004	$ 750	1984	12	20¼
Asian Develop Bank	21 Aug 2004	$ 1000	1984	16⅛	20⅝
Atlantic Richfield Os	4 Feb 1992	$ 600	1982	25⅛	62⅝
Baker Intl Finance	25 Feb 1992	$ 225	1982	24.70	59
Beatrice Foods O/s	9 Feb 1992	$ 250	1982	25½	58
Belgium	29 Apr 1991	dm 200	1984	53.40	55⅝
Campbell Soup O/s Fin	21 Apr 1992	$ 200	1982	27	63⅝
Caterpillar Fin Serv	11 Aug 1992	$ 300	1982	26	59⅝
Caterpillar Fin Serv	11 Feb 1994	$ 140	1982	19.84	52⅜
Centrust Savings Bank	15 Feb 2010	$ 1200	1985	5.995	17¼
Commerzbank	22 May 1995	dm 300	1985	50	58⅜
Commerzbank	4 Aug 2000	dm 300	1985	33⅞	41
Connecticut Mut Life	11 Sep 2000	$ 715	1985	10.00	28⅜
Du Pont Overseas Cap	11 Feb 1990	$ 300	1980	33.90	75⅜
Eksportfinans	3 Oct 1994	$ 360	1984	30¾	51½
Electricite France	11 Sep 1994	$ 500	1984	30¾	52¾
Exxon Capital	15 Nov 2004	$ 1800	1984	11.65	20
Florida Feder Savings	15 Jul 1995	$ 160	1985	24.15	44⅝
Gaz De France	23 Feb 1992	$ 150	1982	25.83	65⅝
Gaz De France	1 Mar 1994	$ 150	1982	19.80	55¼
General Electric Cred	17 Feb 1992	$ 400	1982	26.80	64⅛
General Electric Cred	17 Feb 1993	$ 400	1982	22.80	59
General Electric Cred	4 Mar 1994	$ 200	1982	19⅜	54⅛
General Electric Cred	4 Mar 1995	$ 500	1982	17⅛	49⅝
General Electric Cred	10 Jul 1996	$ 600	1984	24.35	44⅝
General Mills Inc	15 Aug 2004	$ 250	1984	11.05	20⅝
General Mills Inc	15 Aug 2013	$ 1000	1984	4.80	9⅛
Gmac O/s Finance	10 Feb 1990	$ 150	1982	34	75⅜
Gmac O/s Finance	3 Feb 1992	$ 250	1982	25⅛	64¼
Gmac O/s Finance	1 Oct 1992	$ 400	1982	25¾	60⅝
Gulf Oil Finance	2 Mar 1992	$ 300	1982	25.82	63⅝
Hewlett-Packard Fin	2 Jan 1997	$ 150	1985	64⅞	70⅜
Italy	9 May 1994	ecu 400	1984	52	59
Nordic Investment Bk	31 Sep 1994	$ 100	1984	31¼	51⅝
Penney Jc Global Fin	17 Feb 1994	$ 200	1984	18⅝	52
Pepsico Capital	4 Feb 1992	$ 100	1982	25	64⅝
Pepsico Capital	2 Mar 1994	$ 125	1982	20⅝	54
Philip Morris Credit	8 Jun 1994	$ 200	1982	22⅝	51⅞
Prudential Realty Sec	15 Jan 1999	$ 365	1984	20.35	36⅜
Reynolds RJ O/s	19 Feb 1992	$ 400	1982	25½	63⅜
Sears Overseas	18 Feb 1992	$ 400	1982	24.75	63⅝
Sears Overseas	27 May 1994	$ 400	1984	23⅛	51⅝
Sears Overseas	12 Jul 1994	$ 500	1984	30⅛	51⅜
Siemens Western W/w	20 Jun 2001	$ 833	1986	36.90	38⅝
Siemens Western X/w	20 Jun 2001	$ 833	1986		26½
Swedish Export Credit	18 Mar 1994	$ 200	1982	19.70	54⅝
Swedish Export Credit	11 Sep 1994	$ 250	1984	32.925	52⅜
Swiss Bank Corp	14 Nov 1997	$ 400	1984	25	39⅛
Wells Fargo Intl Fin	4 Feb 1988	$ 125	1984	64⅞	86
Xerox Credit O/s Fin	11 Feb 1992	$ 250	1982	25½	62⅜

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Marketmakers in Deutschmark Bonds WestLB
Westdeutsche Landesbank

Herald INTERNATIONAL Tribune
BUSINESS/FINANCE

مكتبة منار الأصول

EUROBONDS

„ International Markets at Odds Over Rates Cut

By CARL GEWIRTZ
International Herald Tribune

…RIS — Optimism among professional traders that U.S. …nterest rates will be soon cut either unilaterally or in …onjunction with Japan buoyed prices in the Eurobond …narket last week. But once again the international mar…ered much less conviction — either about the cut or its …- than New York. For while prices here improved, the …drop in bond yields was much less sharp and, as a result, …ential in yields between the two markets continued to

…s to the rise in prices the average yield on five-year …ds dropped to 7.55 …Credit Suisse First-…reported last week, …om 7.72 percent a …lier. The improve-…the average yield on …onds was less sharp, …ersus 8.27 percent. …er, the yield on five-…robonds ended the …basis points, or 0.41 …higher than in the …tates — up from a …f 37 basis points a …lier. On 10-year Eu-… the difference in …idened to 75 basis …om 65 in the previ-

…planation for the re-…mprovement here is …kers say they do not …t they see behind the scenes in the swap market. U.S. … reported to be the most eager counterparties in swap …ons, taking the fixed-rate side of a transaction where the …ty gets floating-rate funds. Up to two months ago, swap …s report, U.S. treasurers were unwilling to pay more than …points over the going rate for U.S. government paper to …o a fixed-rate contract. Now, swaps are arranged at …0 basis points over the Treasury curve.

…eadiness to pay a higher margin over the benchmark … rate signals a U.S. desire to lock in a fixed-rate cost of …efore the level of interest rates rises.

…STORS, meanwhile, share the same concern and are in …ush to buy bonds. Given the reluctance of Japan and … Germany to cut interest rates further, many analysts …hat the next U.S. rate cut may be the last. More than …e experts fear a perverse reaction in the market — that …f fueling an increase in bond prices and a further drop in …barrage of selling by professionals trying to unload what …i may actually drive prices down and yields up.

…lume of bonds held by banks is believed to be quite high. …ve experienced very low demand for loans but their need …r profits, because of the number of bad loans on their …as never been greater. Normally, banks would fill up …tfolio with floating-rate notes, which would minimize …osure to changes in interest rates.

… margins paid on FRNs have also been falling and as …n interest rates are nearly identical (there used to be a …d, allowing banks to make arbitrage profits), banks …gly have been building up their holdings of fixed-…aper aiming to maximize income and ultimately profits. …, virtually all of the recent Eurodollar issues are trading …ntial discounts.

…f the next rate cut is expected to be the last — at least for …— banks can be expected to try to get rid of what they are …n what they hope will be a market rally.

… Eurodollar sector, virtually all the fixed-coupon issues …l last week were under water — trading at a discount …an the commissions paid to underwriters. Two excep-…re the Industrial Bank of Japan and Long-Term Credit … both offered in the name of the parent Japanese …n and thus available to domestic investors without …o be counted as foreign securities.

…pan Leasing ended the week down 3 points from issue …d Chugoku Electric Power was down 2⅜. Admittedly, … not household names, but even Deutsche Bank ended … with a loss of 2⅜ points.

…che's issue, $110 million for 12 years bearing an 8-…oupon and offered at 100¼, was priced to yield 85 basis …ver the rate for 10-year U.S. government bonds. This was …ed a realistic level as other German bank bonds were …ding 70 to 80 basis points over the curve. But the 12-year … is too long for current tastes and by the end of the week

See EUROBONDS, Page 17

Eurobond Yields
For Week Ended July 2

U.S.$ lg term, Int'l inst.	8.58 %
U.S.$ long term, ind.	9.04 %
U.S.$ medium term, ind.	8.96 %
Can.$ medium term	9.73 %
Aus.$ medium term	13.12 %
French Fr. short term	8.06 %
Sterling medium term	9.57 %
Yen medium term, Int'l inst.	5.91 %
Yen lg term, Int'l inst.	6.30 %
NZ$ short term	15.52 %
ECU short term	7.32 %
ECU medium term	7.83 %
ECU long term	7.90 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover
For Week Ended July 4
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	24,809.10	17,527.30	7,281.80
Euroclear	43,114.80	34,617.90	8,496.90

U.S. Finds Growth Is Slowing

Survey Signals Weak Economy

By Barnaby J. Feder
New York Times Service

NEW YORK — Economic activity slowed in June and may stagger for months to come, according to the National Association of Purchasing Management's most recent monthly survey of purchasing managers at 250 industrial companies in the United States.

In the survey, which is one of the first indications of how the economy has performed in the previous month, 25 percent of the purchasers said that production increased, while 20 percent said it had fallen.

It appeared that the economy had grown, but at a much slower pace than in May when 28 percent of the purchasers reported increases and just 16 percent reported declines.

The association's composite index of the major components of its survey fell to 49.6 percent, from 54.4 percent, nearly wiping out May's sharp 11-percent rise from 48.7 percent.

"This is the largest drop since January of 1974," said Robert J. Bretz, chairman of the association's business survey committee and director of purchasing and distribution for Pitney Bowes Inc.

Conceding that the figures suggested that May's relatively rosy report was an aberration, he said that the next few months would have to be closely watched to establish any trend.

In general, a reading below 50 in the purchasers' index over several months is regarded as an indicator that the economy is headed into a declining phase. Such a reading when the economy is growing would point to slower growth in the next six to 12 months, Mr. Bretz explained.

If the economy is stagnating, a below-50 trend would point toward a recession.

The survey of purchasing managers was begun in 1931 and covers a wide range of industry in all 50 states. Economists value it as an early reading on current economic

See GROWTH, Page 17.

Misty Resort Turns to Finance

Isle of Man Emerging as Offshore Haven

By Robert O'Connor
International Herald Tribune

Corpress

DOUGLAS, Isle of Man — This small island in the Irish Sea, once known chiefly as a low-budget resort for the British working class, is emerging as an international financial center.

Some tourists still come, mainly from northern England, to enjoy the misty peace and quiet.

But the real business of the island takes place on and near Athol Street, a short walk from the tired old waterfront. There a visitor finds a financial district that would do credit to any world capital.

Northwest Trust, Tower Insurance, Eagle Star Insurance, Caymanx Trust, Midland Assurance operate alongside Navigators & General Insurance, Clydesdale Bank, Commercial Union Assurance, Northern Bank, Ulster Bank, General Accident, Royal Trust, Standard Chartered Bank.

All in all, there are dozens of financial institutions in this town of 20,000.

The Isle of Man has countered a decline in tourism by using its geographic and legal position to draw in what John Webster, the government's economic adviser, calls "the newer industries, the cerebral industries."

In a world where information bounces off satellites, location is suddenly not all that important to a business. What do count are things like the availability of business skills and the economic and political climate.

It is in this area that the Isle of Man has been making its pitch. Associated with, but not a part of, both Britain and the European Community, the Isle of Man has enjoyed the flexibility to establish a wide range of inducements.

Corporate and personal income tax is a flat 20 percent. There are no currency controls. And there is neither a capital gains tax nor an inheritance tax. Also, certain businesses, such as investment, bond dealing and ship management, are exempt from taxes.

"We are creating a society," Mr. Webster said, "which is, hopefully, going to be economically independent and economically successful but which at the same time maintains a good quality of life."

Once a business perceives that it does not need to be in a metropolis, Mr. Webster said, "Why go to Brighton from London? Why not go to the Isle of Man?"

Since 1978, bank deposits have grown more than sevenfold to £2.75 billion ($4.24 billion). Since 1984, the island's register of merchant ships has increased from about 25 to 42.

Another measure has been the arrival of some of the big names in international accounting: Peat, Marwick, Mitchell; Coopers & Lybrand, Arthur Andersen, Touche Ross.

David Burton, partner in charge of the local office of Touche Ross, spends a lot of his time promoting the Isle of Man. The success of his firm, he believes, will depend largely on the island's ability to sell itself.

"We didn't come here for altruistic reasons," he said. "We came here for solid business reasons."

A big draw is continuity. The Isle of Man claims the world's oldest parliament, the Tynwald, dating from 979. The island is responsible for its own laws, but accedes to the British Parliament on defense and foreign policy.

Such considerations are important, according to John Lythgoe, who runs Caymanx Trust, a subsidiary of Cayman National Corp., which came here two years ago. Mr. Lythgoe's typical customer is a British expatriate with a mixed portfolio to be managed.

"It's a stable situation," Mr. Lythgoe said. "If he keeps his money in a less stable place, there's always the possibility that it could be expropriated by the government. If it's in the Isle of Man, he knows it's safe."

At 221 square miles (575 square kilometers), the island is larger than the combined Channel Islands, its nearby competitors in the offshore business. "We've got oodles of room," Mr. Webster said.

See ISLE OF MAN, Page 17

China Devalues Yuan by 15.8% To Aid Exports

By Mark O'Neill
Reuters

BEIJING — China has devalued the yuan by a record 15.8 percent against major foreign currencies.

A spokesman for the State Commission for Foreign Exchange Control, which sets the rate, said Saturday that the devaluation had been made because of movements in international currencies and China's balance-of-payments position. He said the cut was in line with domestic price reform.

Western diplomats and bankers described the devaluation as a victory for common sense.

They said the decision was sensible in the light of falling prices for China's main commodity exports, especially oil, and would help cut the ballooning trade deficit.

The devaluation was given in the rates of the renminbi, or people's money, as the yuan is known in China, against foreign currencies published every day by the commission.

The rate of the yuan, which is not convertible, is set against a basket of currencies whose composition is secret but is believed by foreign bankers to consist mainly of U.S. and Hong Kong dollars and the Japanese yen. The United States, Hong Kong and Japan are China's largest trading partners.

Saturday's rate quoted the buy/sell range of the yuan at 3.69/3.71 to the U.S. dollar against 3.19/3.20 Friday, with similar changes for other major currencies.

"The main reason for this dramatic move, a record devaluation in a single day, is the serious position in China's foreign trade this year, mainly because of the plunge in oil prices," a Western diplomat said.

Oil is China's biggest foreign exchange earner, accounting for 20 percent of total export earnings last year.

The diplomat said China had also been hard hit by falling prices for agricultural goods, which make up a substantial part of its exports.

Analysts said that there was no sign of a quick turnaround and the country was heading for a third year of deficit.

The latest figures issued by the customs department show a trade deficit of $4.4 billion in the first four months of 1986, against $3.9 billion a year earlier.

Last year's record trade deficit was put at $7.61 billion by the Foreign Trade Ministry, while customs figures showed it at $14 billion. The organizations regularly report different figures because they use different methods of calculation.

"China has done what a Western country would do in the same situation," a European diplomat said. "It is a wise decision that will boost China's export earnings and as a result its ability to buy goods from abroad."

The decision was "a victory within the Chinese bureaucracy for the pragmatists against the troglodytes who regard a devaluation as a loss of national pride," he added.

The yuan has been falling steadily for 21 months, dropping from 2.6 to the dollar in October 1984 to below 3 for the first time in October last year.

A U.S. banker said he was shocked by the extent of the fall and added: "The renminbi will continue to fall over the next two years, since it is still overvalued. Its black-market price before the devaluation was about 50 percent more than the official price."

The devaluation comes while China is playing an increasingly important role in the world trading system after three decades of self-imposed isolation until 1979.

Its foreign trade more than doubled to more than $59 billion last year from the 1979 level and is officially estimated to reach $83 billion by 1990.

Foreign Trade Minister Zheng Tuobin said in May that exports were vital to China's ambitions to become an industrialized nation and largely set the pace at which it could open to the world and modernize.

Export earnings enable China to buy the technology and machinery it badly needs to update antiquated factories and produce higher-quality goods. They are a central plank in a five-year economic plan passed by parliament in March.

Saudis, Kuwait Endorse Oil Price of Under $20

By Bob Hagerty
International Herald Tribune

LONDON — Saudi Arabia and Kuwait have signaled that they believe oil prices should stay below $20 a barrel for the next two years or so.

That signal, which provides a strong clue to the thinking of the world's most powerful oil exporters, emerged during the inconclusive meeting of the Organization of Petroleum Exporting Countries in Brioni, Yugoslavia, late last month.

Saudi Arabia and Kuwait were among a majority of OPEC members that endorsed a goal of raising oil prices to $17 to $19 a barrel by year-end, compared with the current average of about $10 or $11.

The goal of $17 to $19 had been under discussion among some OPEC members for more than a month. Before the Brioni meeting, however, the Saudis and Kuwaitis had not made clear that they hoped that price range would hold for a long period, a development that would disappoint poorer OPEC members, desperate for a more rapid recovery of their oil revenue.

Kuwait's oil minister, Sheikh Ali Khalifa al-Sabah, said at a press briefing in Brioni that he favored a price in the high teens for the next couple of years. Saudi Arabia made no official comment, but OPEC sources said that it had expressed a similar view.

Neither country has the power to control the oil market.

In the 1970s, the Saudis tried to slow the surge of oil prices, largely because it was in their long-term interest to keep oil competitive with other forms of energy, but a panicky market drove prices to a peak of around $40. In the early 1980s, when a glut began dragging prices down, the Saudis reduced their production drastically in an attempt to prevent oil prices from collapsing.

But the Saudis finally gave up that effort in mid-1985 and embarked on an aggressive drive to regain what they regarded as their share of the market. That Saudi turnabout helped trigger the plunge of more than 50 percent in oil prices over the past seven months.

Given the Saudis' past failures to stabilize prices, a senior oil executive in London suggested that their new price target might be mere "whistling in the dark."

Even so, oil analysts search for clues about the intentions of Saudi Arabia and Kuwait because of their huge capacities to produce oil at some of the lowest costs in the world. Saudi Arabia owns nearly a quarter of proven world oil reserves, while Kuwait floats atop another 13 percent. Although the two allies may be overwhelmed by excess oil supplies in the short run, they are vital to any long-term assessment of the market, analysts say.

"Saudi Arabia and Kuwait's priority is not so much to raise the price short term but to seek order and stability in the market," County Securities of London, formerly known as Fielding, Newson-Smith & Co., commented in a report last week. "Time and reserves are on their side."

Neither country has yet shown any sign of trying to achieve higher prices by reducing output, but they do seem to have grown less eager to pursue a bigger share of the market no matter what the cost in terms of lower prices. Both countries' oil officials have stopped making gloomy predictions about further plunges in prices, a practice they regularly indulged in earlier this year.

Mehdi Varzi, an oil analyst at the London stockbrokerage of Kleinwort Grieveson & Co., said a price of $17 to $19 would be "a happy medium" between the current level and the nearly $30 level prevailing just before the collapse began late last year.

For one thing, the low-price strategy pursued by Saudi Arabia and Kuwait earlier in the year already has yielded some long-term benefits.

The effect of lower prices on demand has been "much larger than we thought possible before," Sheikh Ali of Kuwait said. "It seems that every month we need to revise our estimates upward." Last month, the International Energy Agency projected that oil use in the major industrial countries would grow 2.5 percent in 1986 after five years of decline or stagnation.

Prices in the high teens would still be low enough to discourage exploration and development of oil fields in high-cost areas, such as the North Sea, and encourage the plugging of more small wells in North America, leaving a bigger market for Saudi Arabia, Kuwait and other low-cost producers. Such prices also would help dampen enthusiasm for further development of other forms of energy.

In addition, said Mr. Varzi, a former Iranian diplomat, $17 to $19 would be low enough to constrict considerably Iran's ability to finance its border war against Iraq, which is supported by both Saudi Arabia and Kuwait. He projected that Iran's oil revenue this year would be about half the 1985 level.

At the same time, even such rich and lightly populated nations as Saudi Arabia and Kuwait are being squeezed with prices of around $10, making a price of $17 to $19 a tempting target.

"There has to be a stage," said David Gray, an oil analyst at James Capel & Co., "where they feel they've made their point."

Last Week's Markets
All figures are as of close of trading Friday

…k Indexes

…ates

	Last Wk.	Prev. Wk.	Ch'ge
…	1,900.87	1,885.26	+0.83 %
…	200.76	198.50	+1.14 %
…	777.75	777.50	+0.03 %
…	238.24	236.57	+0.71 %
…	251.79	249.40	+0.88 %
…	144.67	143.18	+1.04 %
…	1,649.50	1,636.00	+0.83 %
…	1,356.30	1,351.86	+0.33 %
…ng			
…	1,756.76	1,750.10	+0.38 %
…	17,597.73	17,500.00	+0.56 %
…many			
…bk	1,867.40	1,951.60	−4.51 %

…s Capel & Co. London.

Money Rates

United States	Last Wk.	Prev. Wk.
Discount rate	6½	6½
Federal funds rate	6 13/16	6 15/16
Prime rate	8½	8½
Japan		
Discount	3½	3½
Call money	4 9/16	4 5/16
60-day interbank	4⅝	4⅝
West Germany		
Lombard	5.50	5.50
Overnight	4.60	4.50
1-month interbank	4.60	4.55
Britain		
Bank base rate	10	10
Call money	11	10¾
3-month interbank	9½	9 13/32

Dollar	Last Wk.	Prev. Wk.	Ch'ge
Bk Engl Index	n.a.	116.50	—

Gold	Last Wk.	Prev. Wk.	Ch'ge
London p.m. fix, $	343.80	344.50	−0.20 %

Currency Rates

…Rates July 3/4

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
…dt	2.446	2.78	112.635 *	35.326 *	0.3647 *	—	5.501 *	138.75 *	151.34 y
…l)	44.4775	68.4825	20.476	6.4075	2.9825 *	18.1785	—	25.2175	27.7125 *
	2.1723	3.358	—	31.29 *	1.457 x	88.79 *	4.884 *	120.18 *	1.353 *
…)	1.541	—	3.3483	10.6945	2,290.50	3.7713	68.475	2.7205	240.05
	1,491.75	2,302.80	686.35	214.71	—	609.57	33.522	845.75	9.294
(c)	—	0.6488 =	2.1785	6.9425	1,491.00	2.447	44.485	1.765	161.05
	4.945	10.725	3.1966	—	4.6565 x	2.8386	15.615 *	3.9375	4.886 *
	161.20	249.05	74.10	23.20	10.83 *	65.80	362.80 *	91.28	—
	1.7633	2.7171	81.13 *	24.975 *	0.1183 *	72.08 *	3.9635 *	—	1.0961 *
	0.9407	0.6397	2.1459	6.8592	1,473.07	2.4148	43.9329	1.7414	158.616
	1.18651	0.76747	2.57556	8.22845	N.Q.	2.9022	52.7715	2.0956	192.888

…n London and Zurich, fixings in other European centers. New York rates at 4 P.M. …ercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one … Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. …y one pound: $U.S.1.546

…Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
…stral	0.86	Fin. markka	5.053	Mex. peso	647.00	Soviet ruble	0.704
…	1.5741	Greek drac.	138.10	Norw. krone	7.43	Span. peseta	138.40
…n.	15.24	Hong Kong $	7.812	Phil. peso	20.46	Swed. krona	7.061
…r.	44.78	Indian rupee	12.35	Port. escudo	147.50	Taiwan $	38.07
…e.	13.77	Indo. rupiah	1,130.00	Saudi riyal	3.7515	Thai baht	26.195
…$	1.3789	Irish £	0.7179	Sing. $	2.188	Turkish lira	670.55
…pen	3.1983	Israeli shek.	1.493	S. Afr. rand	2.5126	UAE dirham	3.673
…ope	8.0615	Kuwaiti dinar	0.2912	S. Kor. won	886.10	Venez. boliv.	18.45
…und	1.33	Malay. ring.	2.6225				

…: 1.11 Irish £

… Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Na… Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); (ruble). Other data from Reuters and AP.

All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE May 15, 1986

KLM

KLM Royal Dutch Airlines

(Koninklijke Luchtvaart Maatschappij N.V.)
At present 39.4% held by the State of the Netherlands.

Swiss Francs 300,000,000
5¾% Undated, Subordinated Bonds 1986 ff

Life: until the liquidation of KLM Royal Dutch Airlines.

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Nordfinanz-Bank Zürich
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Clariden Bank
Banque Privée S.A.
Lloyds Bank Plc
La Roche & Co.
Amro Bank und Finanz
Schweizerische Hypotheken- und Handelsbank
Bank CIAL (Schweiz)
Banca della Svizzera Italiana
- Crédit Industriel d'Alsace et de Lorraine AG -
Wirtschafts- und Privatbank

Armand von Ernst & Cie AG
Aargauische Hypotheken- und Handelsbank
Banco di Roma per la Svizzera
Banque Vaudoise de Crédit
Banque Générale du Luxembourg (Suisse) S.A.
Bank in Gossau
Banque Indosuez - Succursales de Suisse -
Bank in Menziken
Banque Morgan Grenfell en Suisse S.A.
Bank vom Linthgebiet
Caisse d'Epargne du Valais
Regiobank beider Basel
Fuji Bank (Schweiz) AG
EKO Hypothekar- und Handelsbank
Gewerbebank Baden
Luzerner Landbank AG
Handelsfinanz Midland Bank
Banque Romande
Hypothekar- und Handelsbank Winterthur
B.E.G. - Bank Europäischer Genossenschaftsbanken
Maerki, Baumann & Co. AG
Banque CIC Union Européenne en Suisse S.A.
Sparkasse Schwyz
Bank in Liechtenstein AG

Algemene Bank Nederland (Schweiz)
Mitsubishi Trust Finance (Switzerland) Ltd.
BA Finance (Suisse) S.A.
Mitsui Finanz (Schweiz) AG
Bank of Tokyo (Schweiz) AG
Morgan Guaranty (Switzerland) Ltd.
Banque Gutzwiller, Kurz, Bungener S.A.
Nederlandsche Middenstandsbank (Suisse) S.A.
Banque Paribas (Suisse) S.A.
Nippon Kangyo Kakumaru (Suisse) S.A.
Chase Manhattan Bank (Switzerland)
Nomura (Switzerland) Ltd.
Crédit Commercial de France (Suisse) S.A.
Sanwa Finanz (Schweiz) AG
Dai-Ichi Kangyo Bank (Schweiz) AG
Société Bancaire Julius Baer S.A.
First Chicago S.A.
Soditic S.A.
LTCB (Schweiz) AG
Sumitomo International Finance AG
Manufacturers Hanover (Suisse) S.A.
The Nikko (Switzerland) Finance Co. Ltd.
Mees & Hope Finanzgesellschaft AG
The Royal Bank of Canada (Suisse)
Merrill Lynch Bank (Suisse) S.A.

International Bond Prices

(Continued)

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
	NEW ZEALAND						
dm 100	New Zealand	7¾	'86 Nov	100¼	6.78	6.78	7.73
dm 200	New Zealand	6¼	'87 Jan	100¾	5.64		6.23
dm 100	New Zealand	7	'87 Feb	101¼	4.70	4.70	6.91
dm 100	New Zealand	9¼	'87 Jul	103⅞	5.67		8.94
dm 200	New Zealand	7⅝	'87 Sep	101¼	5.55		7.88
dm 200	New Zealand	7⅞	'88 Jul	104¾	5.35		7.52
dm 150	New Zealand	8¼	'89 Oct	104½	6.65		7.87
dm 200	New Zealand	9¾	'89 Dec	111	6.86		8.78
dm 250	New Zealand	7¼	'91 Apr	105½	5.89		6.87
dm 250	New Zealand	7¼	'91 Oct	104½	6.22		6.94
	NORWAY						
dm 50	Bergen City	7¼	'89 Feb	101⅜	6.47	6.03	7.13
dm 50	Den Norske Industrybk	6¼	'89 Jun	101⅛	6.07	5.73	6.63
dm 125	Den Norske Industribk	6	'90 May	101½	5.55	5.38	5.91
dm 60	Norges Hypotekforenin	6	'89 Nov	100	5.99	5.97	6.00
nd 220	Norges Kommunalbank	8½	'87 Mar	102	5.52	5.50	8.58
dm 150	Norges Kommunalbank	6¼	'89 Jan	100½	4.87	5.89	6.22
dm 100	Norges Kommunalbank	7	'89 Apr	101½	4.57	4.12	6.90
dm 100	Norges Kommunalban Pp	7⅜	'89 Aug	101	7.00	6.71	7.30
dm 200	Norges Kommunalbank	6	'89 Dec	100	5.99	5.99	6.00
dm 100	Norges Kommunalbank	6	'90 Aug	100	6.00	5.98	6.00
dm 150	Norges Kommunalbank	8¼	'94 Dec	104	7.58	7.17	7.93
dm 200	Norpipe	6	'89 Nov	100	5.99	5.99	6.00
dm 150	Norsea Gas	7¼	'88 Dec	100¾	6.86	6.63	7.20
dm 100	Norsea Gas	7	'89 Jul	101	6.62	6.47	6.53
dm 150	Norsk Data W/w	3	'93 Jul	101	2.84		2.97
dm 150	Norsk Hydro	6¾	'89 Jun	101⅝	6.07	5.82	6.63
dm 100	Norsk Hydro	8½	'92 Jan	105¼	7.37	7.03	8.08
dm 100	Norsk Hydro	9	'92 Sep	106½	7.63	7.25	8.45
dm 80	Oslo City	7½	'87 Jan	101½	4.32	4.32	7.39
dm 70	Oslo City	9	'87 Mar	102	5.76	5.74	8.82
dm 80	Oslo City	8⅝	'90 Mar	103⅞	7.08	7.15	8.47
dm 70	Oslo City	6¾	'90 Jul	101	6.46	6.51	6.68
dm 100	Oslo City	7¼	'93 Mar	104½	6.87	6.67	7.42
dm 150	Statoil Den Norske	6	'88 Sep	101	5.49	5.16	5.94
dm 150	Statoil Den Norske	6½	'89 Nov	101	6.06	5.88	6.44
dm 35	Trondheim City	5¾	'88 Apr	100	5.73	5.72	5.75
	PORTUGAL						
dm 150	Portugal	7⅝	'92 May	102¼	7.26		7.58
dm 250	Portugal	7	'93 Sep	101¼	6.77		6.91
dm 200	Portugal	6⅝	'94 Jan	98	6.96		6.76
	SOUTH AFRICA						
dm 200	South Africa	8½	'91 Dec	96	9.45		8.85
dm 250	South Africa	7¾	'92 Dec	93¾	9.27		8.26
dm 100	Escom Electr Supply	6¼	'87 Sep	98⅞	7.42	8.57	6.35
dm 100	Escom Electr Supply	9¼	'87 Nov	98½	10.43		9.39
dm 100	Escom Electr Supply	7	'88 Mar	100	6.96	6.96	7.00
dm 150	Escom Electr Supply	8½	'90 Apr	99½	8.64		8.54
dm 100	Escom Electr Supply	9⅝	'90 Jun	101	9.17		9.41
dm 150	Escom Electr Supply	8	'92 Apr	94	9.38		8.51
dm 150	Escom Electr Supply	8¼	'92 Sep	95	9.33		8.68
dm 200	Escom Electr Supply	8¼	'93 Apr	95¼	9.21		8.66
dm 100	Iscor Iron Steel	7	'87 Apr	98⅞	9.08	9.08	7.11
dm 100	Iscor Iron Steel	7	'88 Mar	99	7.62	7.90	7.07
dm 100	Iscor Iron Steel	9	'88 Mar	98¼	10.13		9.16
dm 100	Iscor Iron Steel	8½	'88 Nov	101½	7.74	7.22	8.37
dm 80	Johannesburg City	8	'86 Sep	99½	10.87	10.95	8.04
dm 50	Johannesburg City	10	'86 Oct	99½	11.72		10.05
dm 100	Johannesburg City	6¼	'87 Sep	98½	7.62	8.59	6.35
dm 100	Post Telecom Pretoria	7¾	'90 Jul	95½	9.13		8.12
dm 100	Post Telecom Pretoria	9	'90 Oct	99¼	9.20		9.07
dm 150	Post Telecom Pretoria	8¼	'91 Jun	96¼	9.35		8.70
dm 100	Post Telecom Pretoria	8	'93 Jul	94¾	9.84		8.44
dm 100	South Africa Railways	7½	'88 Jun	99	8.07	8.18	7.58
dm 100	South Africa Transnet	7⅝	'92 Nov	93⅛	9.05		8.18
dm 150	South Africa Transnet	8	'93 Jun	95¼	8.94		8.40
	SOUTH AMERICA						
dm 150	Argentina	7½	'89 May	101¾	6.79	6.52	7.37
dm 150	Brazil	7¼	'87 Jan	100½	6.89		7.21
dm 150	Brazil	8	'87 Aug	100½	7.48		7.96
dm 100	Brazil	6¾	'87 Oct	100¼	6.29	6.10	6.72
dm 150	Brazil	9¼	'88 Jun	103½	7.21		8.94
dm 250	Venezuela	6	'88 Mar	102	5.97	5.97	6.80
dm 150	Venezuela	6½	'90 Nov	98¼	6.97	7.20	6.62
dm 150	Venezuela	9¾	'90 Nov	101	9.43	9.28	9.65
dm 100	Bnde (brazil)	8½	'87 Apr	105	1.69	1.72	8.10
dm 150	Como Energ Sao Paulo	7	'87 Nov	100¼	6.76	6.48	6.98
dm 100	Eletrobras	7	'87 Feb	100¼	6.45		6.98
dm 150	Eletrobras	7	'87 Sep	99½	7.43	7.21	7.04
dm 125	Light-Servicos Brazil	8½	'90 Jan	100½	8.30	8.22	8.46
dm 100	Petrobras	7	'88 Oct	100½	6.73	6.53	6.97
dm 125	Petrobras	8	'89 Oct	100	7.98	7.96	8.00
	SPAIN						
dm 200	Spain	6	'88 May	101¼	5.25		5.93
dm 200	Spain	8¼	'92 Aug	109¼	6.36		7.55
dm 200	Spain	7⅜	'95 May	108	6.41		7.06
dm 100	Aumar	7⅝	'88 Feb	102¼	5.60	4.81	7.30
dm 100	Autopistas	8	'86 Oct	101¼	.86	.53	7.86
dm 100	Autopistas	6¾	'87 Oct	102½	4.62	3.29	6.59
dm 100	Europistas	8	'87 Jan	102½	2.81	2.84	7.80
dm 100	Fenosa	7⅝	'92 Jan	104¼	6.91		7.55
dm 100	Renfe Red Nacional	8¼	'91 May	108	6.29		7.64
dm 100	Renfe Red Nacional	10	'92 May	117⅛	6.29		8.49
dm 100	Renfe Red Nacional	7¾	'95 May	105¼	6.93		7.36
dm 100	Telefonica Nacional	8¼	'93 Jun	108½	6.72		7.62
	SUPRANATIONAL						
dm 100	African Develop Bank	8	'87 Nov	102	6.34		7.84
dm 100	African Develop Bank	10	'87 Oct	110¾	6.79		9.07
dm 100	African Develop Bank	8	'91 Apr	105¾	6.65		7.57
dm 100	African Develop Bank	6¼	'96 May	95¼	6.93		6.56
dm 100	Asian Develop Bank	5⅛	'88 May	100¼	5.34		5.49
dm 100	Asian Develop Bank	7⅜	'89 Aug	103¼	5.62		7.09
dm 100	Asian Develop Bank	10⅛	'89 Oct	114⅛	5.42		8.87
dm 200	Asian Develop Bank	10	'90 May	106	3.10		9.43
dm 100	Asian Develop Bank	8⅞	'90 Nov	106½	6.59		7.86
dm 200	Asian Develop Bank	7¾	'91 Mar	106	6.23		7.31
dm 100	Asian Develop Bank	10	'91 Apr	107⅜	8.08		9.32
dm 100	Asian Develop Bank Pp	7½	'91 Oct	103	6.77		7.28
dm 100	Asian Develop Bank	9⅜	'92 Apr	111⅛	6.82		8.31
dm 150	Asian Develop Bank	9¼	'92 Aug	111⅛	6.83		8.26
dm 150	Asian Develop Bank	8¼	'92 Nov	107¼	6.70		7.66
dm 100	Asian Develop Bank Pp	8¼	'93 Jun	107	6.94		7.71
dm 200	Asian Develop Bank	8½	'93 Nov	110	6.72		7.73
dm 200	Asian Develop Bank	7¾	'94 Apr	106	6.72		7.31
dm 200	Asian Develop Bank	8	'94 Sep	107½	6.77		7.44
dm 200	Asian Develop Bank	6½	'95 Oct	101	6.35		6.44
dm 200	Asian Develop Bank	6¼	'96 Mar	100	6.24		6.25
dm 200	Asian Develop Bank	7¾	'97 Apr	106½	6.87		7.28
dm 100	Council Of Europe	6¼	'87 Nov	100¼	6.02	5.90	6.23
dm 100	Council Of Europe	6⅛	'88 May	100¼	5.97	5.90	6.11
dm 60	Council Of Europe	7	'88 Jul	101	6.45	6.24	6.93
dm 50	Council Of Europe	8½	'88 Jul	105½	5.16		7.70
dm 130	Council Of Europe	6½	'88 Nov	100¾	5.88	5.82	6.20
dm 100	Council Of Europe	7¼	'89 May	103⅛	5.77	5.04	6.99
dm 125	Council Of Europe	7½	'89 Oct	102	6.78	6.23	7.35
dm 100	Council Of Europe	10	'91 Apr	106	8.41	7.51	9.43
dm 100	Council Of Europe	10¼	'91 Oct	107⅝	8.26	7.48	9.51
dm 150	Council Of Europe	10	'92 Feb	108½	8.04	7.22	9.22
dm 150	Council Of Europe	8⅝	'92 Jun	108	7.46	6.96	8.25
dm 100	Council Of Europe	8	'92 Jul	107¼	6.51		7.46
dm 125	Council Of Europe	8¼	'92 Nov	105	7.23	6.86	7.86
dm 160	Council Of Europe	7⅞	'93 Feb	106¾	6.57	6.74	7.38
dm 150	Council Of Europe	8¼	'93 Jul	105	7.43	7.15	7.98
dm 150	Council Of Europe	8¼	'93 Nov	105½	7.25	6.97	7.82
dm 150	Council Of Europe	8¼	'94 Feb	106¼	7.06	6.92	7.73
dm 150	Council Of Europe	6¼	'94 Jul	98¾	6.33		6.20
dm 200	Council Of Europe	7½	'94 Dec	103¼	6.97	6.82	7.26
dm 100	Council Of Europe	7⅝	'95 May	104	6.88	6.78	7.21
dm 150	Council Of Europe	6⅝	'95 Oct	102¼	6.29	6.28	6.48
dm 125	Ecs Euro Coal & Steel	9⅜	'87 Jan	102	5.82		9.56
dm 100	Ecs Euro Coal & Steel	6⅝	'87 Jul	100⅛	5.97	5.96	6.47
dm 150	Ecs Euro Coal & Steel	7	'88 Jan	101	6.24	5.94	6.93
dm 150	Ecs Euro Coal & Steel	6½	'88 Apr	100⅛	6.01	5.83	6.45
dm 150	Ecs Euro Coal & Steel	6	'88 Nov	101	5.51		5.94
dm 150	Ecs Euro Coal & Steel	9½	'88 Dec	102¼	8.39	7.49	9.29
dm 150	Ecs Euro Coal & Steel	7⅞	'89 Jan	102⅛	7.14		7.71
dm 150	Ecs Euro Coal & Steel	5¼	'89 Jun	99¼	5.47	5.40	5.29
dm 150	Ecs Euro Coal & Steel	8	'89 Aug	106¾	6.08		7.49
dm 160	Ecs Euro Coal & Steel	10	'91 Mar	104⅝	8.69	7.92	9.55
dm 120	Ecs Euro Coal & Steel	7	'91 Apr	102	6.49	6.28	6.86
dm 100	Ecs Euro Coal & St Pp	8⅜	'92 Jun	105	7.86	6.82	7.74
dm 100	Ecs Euro Coal & Steel	7⅜	'92 Sep	101	7.66	7.49	7.80
dm 100	Ecs Euro Coal & Steel	7	'92 Dec	102¼	6.55		6.85
dm 150	Ecs Euro Coal & Steel	7½	'93 Jan	103	6.90	6.78	7.28
dm 200	Ecs Euro Coal & Steel	7½	'93 May	105	6.56		7.14
dm 60	Ecs Euro Coal & Steel	9¾	'94 Jan	102	9.25	9.13	9.56
dm 200	Ecs Euro Coal & Steel	8	'94 Nov	104⅞	7.25	7.07	7.64
dm 230	Ecs Euro Coal & Steel	7	'95 Jul	102½	6.68	6.61	6.85
dm 100	Ecs Euro Coal & Steel	6⅝	'97 Dec	101¼	6.64	6.63	6.74
dm 200	Eec Europ Econom Com	8	'92 Jan	107½	6.25		7.44
dm 250	Eec Europ Econom Com	8¼	'93 Jun	107½	6.86		7.67
dm 150	Eec Europ Econom Com	10⅛	'93 Oct	112	7.88	6.44	9.04
dm 200	Eec Europ Econom Com	8½	'94 Apr	108	8.20	7.49	9.03
dm 225	Eec Europ Econom Com	7⅞	'94 Nov	102	7.53	7.30	7.72
dm 200	Eec Europ Econom Com	8	'94 Nov	105½	7.09	6.50	7.58
dm 200	Eec Europ Econom Com	7¼	'95 Feb	102½	7.24	7.08	7.56
dm 200	Eec Europ Econom Com	7½	'96 Nov	106	6.67		7.08
dm 150	Eec Europ Econom Com	6½	'97 Sep	101	6.37		6.44
dm 100	Elb Europ Invest Bank	7⅜	'86 Oct	100⅜	4.50	4.53	7.49
dm 100	Elb Europ Invest Bank	6½	'87 Mar	104	.45	.41	6.25
dm 100	Elb Europ Invest Bank	6	'87 Sep	100⅛	5.75	5.55	5.99
dm 100	Elb Europ Invest Bank	6⅝	'88 Feb	103⅞	4.22	3.44	6.51
dm 100	Elb Europ Invest Bank	7	'88 Jul	102½	5.64	5.29	6.83
dm 150	Elb Europ Invest Bank	10	'89 Feb	110½	5.50		9.05
dm 200	Elb Europ Invest Bank	7½	'89 Jun	104½	5.77		7.18
dm 100	Elb Europ Invest Bank	6	'89 Aug	101½	5.45	4.97	5.91
dm 100	Elb Europ Invest Bank	8½	'89 Nov	104	7.10		8.17
dm 250	Elb Europ Invest Bank	5¼	'90 Mar	99½	5.39	5.49	5.28
dm 300	Elb Europ Invest Bank	6	'90 Oct	101	5.72		5.94
dm 200	Elb Europ Invest Bank	8½	'90 Oct	105¾	6.89		8.04
dm 250	Elb Europ Invest Bank	9½	'90 Dec	106	7.82		8.96
dm 300	Elb Europ Invest Bank	6½	'91 Jan	101½	6.10		6.40
dm 200	Elb Europ Invest Bank	10⅛	'91 Apr	105¾	7.94		9.57
dm 300	Elb Europ Invest Bank	10⅛	'91 Aug	105¾	8.09		9.57
dm 200	Elb Euro& Invest Bank	10½	'91 Nov	111⅛	7.47		9.10
dm 250	Elb Europ Invest Bank	8	'91 Dec	106⅞	6.47		7.49
dm 100	Elb Europ Invest Bank	10	'92 Feb	116½	7.60		9.65
dm 100	Elb Europ Invest Bank	8¼	'92 May	107	6.88		7.83
dm 200	Elb Europ Invest Bank	9⅜	'92 Aug	110	7.28		8.52
dm 200	Elb Europ Invest Bank	8¼	'92 Oct	106½	6.92		7.75
dm 200	Elb Europ Invest Bank	8¼	'92 Dec	106½	6.99		7.76
dm 300	Elb Europ Invest Bank	7½	'93 Feb	105⅛	6.71		7.86
dm 300	Elb Europ Invest Bank	7⅝	'93 Mar	105½	6.69		7.25
dm 200	Elb Europ Invest Bank	7½	'93 May	104¼	6.70		7.19
dm 200	Elb Europ Invest Bank	8	'93 Aug	107	6.72		7.48
dm 200	Elb Europ Invest Bank	8¼	'93 Sep	108	6.80		7.64
dm 200	Elb Europ Invest Bank	8	'94 Mar	107	6.79		7.48
dm 250	Elb Europ Invest Bank	8	'94 Jun	107¼	6.78		7.46
dm 200	Elb Europ Invest Bank	8¼	'94 Aug	108½	6.84		7.60
dm 300	Elb Europ Invest Bank	7¾	'94 Oct	106½	6.81		7.39
dm 300	Elb Europ Invest Bank	7¼	'94 Dec	104	6.61		6.97
dm 300	Elb Europ Invest Bank	6⅝	'95 Nov	100¼	6.29		6.61
dm 300	Elb Europ Invest Bank	6⅜	'96 Feb	101¼	6.19		6.30
dm 300	Elb Europ Invest Bank	5¾	'96 Mar	96½	4.11		5.83
dm 300	Elb Europ Invest Bank	6⅛	'96 Jul	101½	5.92		6.03
dm 300	Elb Europ Invest Bank	7⅜	'97 May	107	6.46		6.89
dm 300	Elb Europ Invest Bank	6¾	'97 Aug	101½	6.55		6.65
dm 200	Elb Europ Invest Bank	5½	'98 Apr	95½	6.04		5.76
dm 150	Elb Europ Invest Bank	5¾	'98 May	94½	6.16		6.08
dm 200	Euratom	5¾	'87 Nov	101	4.93		5.69
dm 200	Euratom	7⅜	'93 Apr	105¼	6.39		7.01
dm 100	Eurofima	6¼	'87 Sep	101	5.32	4.67	6.19
dm 100	Eurofima	5½	'88 Feb	100	5.49	5.49	5.50
dm 100	Eurofima	6½	'88 Mar	102½	4.88	4.25	6.34
dm 50	Eurofima	6¼	'88 Nov	102	5.48	5.47	6.13
dm 50	Eurofima Pp	5½	'88 Nov	102	5.63	5.12	6.59
dm 100	Eurofima	6½	'89 Feb	102	5.63		6.37
dm 100	Eurofima	7½	'90 Jul	105¼	5.65		7.09
dm 100	Eurofima	8¼	'90 Oct	107	6.19		7.59
dm 100	Eurofima	8	'91 Jan	105¼	6.46		7.13
dm 100	Eurofima	10¼	'91 Nov	111¼	7.50		9.21
dm 100	Eurofima	8	'92 Apr	107	6.43		7.46
dm 100	Eurofima	7¾	'92 Jul	106	6.51		7.31
dm 100	Eurofima	7¼	'94 Mar	105	6.51		7.26
dm 100	Eurofima	6¾	'96 Jun	101	6.65		6.68
dm 150	Eurofima	7⅜	'97 Sep	105¾	6.62		6.97
dm 150	International Fin Pp	5¾	'92 Nov	102¼	6.18		6.48
dm 100	International Fin Pp	5⅞	'96 Apr	95	6.58		6.18
dm 100	Inter-American Dev Bk	7	'87 Jan	101½	3.83		6.90
dm 100	Inter-American Dev Bk	6⅜	'88 Jan	100¾	5.68		6.20
dm 100	Inter-American Dev Bk	8	'88 Feb	104⅛	5.42		7.82
dm 50	Inter-American Dev Pp	8	'89 Jul	107	5.43		7.48
dm 150	Inter-American Dev Bk	9¾	'89 Jul	107¼	4.22		8.90
dm 100	Inter-American Dev Pp	8½	'91 Feb	107½	6.29		7.83
dm 100	Inter-American Dev Bk	10	'91 Mar	112¾	6.71		8.87
dm 200	Inter-American Dev Bk	7¾	'91 Apr	106⅞	6.21		7.30
dm 100	Inter-American Dev Bk	10¼	'91 Nov	115½	6.70		8.87
dm 150	Inter-American Dev Bk	9	'92 Apr	110	6.84		8.18
dm 200	Inter-American Dev Bk	8¼	'92 Jul	107½	6.78		7.67
dm 150	Inter-American Dev Pp	7⅜	'92 Nov	105	6.62		7.26
dm 250	Inter-American Dev Bk	7⅜	'92 Nov	103½	6.63		6.80
dm 150	Inter-American Dev Bk	8¼	'93 Jan	107¼	6.73		7.69
dm 250	Inter-American Dev Bk	8	'93 Mar	106¼	6.80		7.53
dm 200	Inter-American Dev Bk	7⅜	'93 Apr	106⅛	6.48		7.28
dm 150	Inter-American Dev Bk	8¼	'93 Aug	108¾	6.54		7.74
dm 150	Inter-American Dev Bk	8¼	'93 Dec	108½	6.54		7.60
dm 200	Inter-American Dev Bk	7⅞	'94 Dec	105	6.70		7.50
dm 250	Inter-American Dev Bk	7¼	'95 Jul	103	6.77		7.03
dm 150	Inter-American Dev Pp	7⅛	'95 Dec	102	6.82		6.99
dm 250	Inter American Dev Bk	6	'01 Apr	95¼	6.51		6.32
dm 250	World Bank	7½	'86 Dec	100¾	5.58	5.48	7.44
dm 200	World Bank	7	'87 Jan	100⅝	5.34		6.95
dm 250	World Bank	6⅝	'87 Mar	101½	4.36	4.35	6.65
dm 400	World Bank	6⅝	'87 May	101⅛	4.90		6.46
dm 250	World Bank	6⅝	'88 May	102½	4.90	4.38	6.52
dm 150	World Bank Pp	8½	'88 Jun	104½	5.93		8.13
dm 200	World Bank	6	'88 Aug	101⅛	5.34		5.93
dm 200	World Bank Pp	7¾	'88 Aug	104½	5.48		7.41
dm 400	World Bank	6¼	'88 Dec	101¼	5.64		6.17
dm 100	World Bank Pp	7¼	'89 Feb	105	5.43		7.14
dm 200	World Bank	7¾	'89 Sep	105¼	5.82		7.36
dm 250	World Bank	7⅝	'90 Jan	107½	5.57		7.09
dm 500	World Bank	5⅝	'90 Feb	100¼	5.66	5.61	5.71
dm 200	World Bank Pp	7½	'90 Apr	103	6.54		7.28
dm 200	World Bank	10	'90 May	113½	5.94		8.81
dm 250	World Bank	7½	'90 Jun	106½	5.60		7.04
dm 700	World Bank	8	'90 Aug	107	6.01		7.46
dm 200	World Bank	7⅝	'90 Oct	107⅜	5.69		7.10
dm 200	World Bank	8½	'90 Oct	109	6.04		7.80
dm 250	World Bank	9¼	'91 Jan	112	6.10		8.26
dm 250	World Bank Pp	6	'91 Mar	101	5.74		5.94
dm 200	World Bank Pp	7¾	'91 Jun	105	5.92		7.38
dm 400	World Bank	7¾	'91 Jul	107	6.08		7.24
dm 100	World Bank Pp	11	'91 Sep	119	6.54		9.24
dm 200	World Bank Pp	7⅜	'91 Dec	103¼	6.52		7.14
dm 250	World Bank	10	'91 Dec	116¾	6.29		8.56
dm 200	World Bank Pp	6⅝	'92 Feb	100¾	6.21		6.57
dm 300	World Bank	7¾	'92 Apr	107	6.56		7.24
dm 200	World Bank Pp	7¼	'92 Apr	105¼	6.14		6.88
dm 200	World Bank	8⅝	'92 May	109¾	6.63		7.86
dm 300	World Bank	8⅝	'92 Jul	108	6.47		7.99
dm 200	World Bank	9⅝	'92 Aug	115	6.44		8.37
dm 200	World Bank	7	'92 Sep	112¾	6.42		6.20
dm 200	World Bank Pp	6⅝	'92 Sep	100½	6.27		6.59
dm 350	World Bank Pp	6¾	'92 Nov	100½	6.64		6.71
dm 200	World Bank	8¼	'92 Dec	105½	6.34		7.82
dm 200	World Bank	7¾	'93 Feb	105½	6.20		7.35
dm 300	World Bank	8	'93 Dec	109	6.43		7.34
dm 300	World Bank	7	'94 Feb	100¼	6.50		6.98
dm 300	World Bank	8⅛	'94 Sep	109¼	6.54		7.44
dm 400	World Bank	7⅝	'94 Nov	107¼	6.48		7.11
dm 500	World Bank	7⅝	'95 Jan	104¾	6.38		6.80
dm 300	World Bank	7⅝	'95 Feb	105½	6.39		6.87
dm 300	World Bank	7⅝	'95 Apr	104¾	6.48		7.16
dm 600	World Bank	7	'95 Aug	104½	6.32		6.70
dm 600	World Bank	6½	'95 Oct	102½	6.19		6.32
dm 500	World Bank	5¾	'96 Mar	98¼	5.97		5.85
dm 300	World Bank	6¼	'16 Mar	99¾	6.30		6.26
	SWEDEN						
dm 75	Sweden	9¾	'88 Mar	104½	6.82		9.33
dm 200	Sweden	7¾	'89 Jul	101½	7.38		7.64
dm 200	Sweden	6	'89 Dec	102	5.33	5.06	5.88
dm 150	Sweden	8¼	'89 Dec	105	6.56		7.86
dm 200	Sweden	7⅝	'90 Sep	107¼	7.36		7.74
dm 125	Sweden	9¾	'92 Mar	104½	8.70		9.33
dm 250	Sweden	7⅝	'94 May	106¾	6.77		7.20
dm 500	Sweden	7¼	'95 Feb	105	6.46		6.90
dm 300	Sweden	6⅝	'98 Mar	99½	6.38		6.66
dm 100	Ericsson Lm	6⅝	'87 Mar	101	2.22	2.10	6.56
dm 100	Forsmarks Kraftgrupp	5⅝	'90 Jan	100	5.74	5.75	5.75
dm 100	Pkbanken Post-Och	5⅝	'88 May	100½	5.44	5.22	5.72
dm 100	Pkbanken Post-Och	5⅝	'96 Apr	92¼	6.86		6.23
dm 100	Skf A/b	7⅜	'89 May	103¼	6.08		7.34
dm 100	Sveriges Invest Bank	6⅝	'87 Mar	100¼	6.28	6.28	6.73
dm 100	Sveriges Invest Bank	7	'88 Mar	105	3.82	2.54	6.67
dm 100	Swedish Export Credit	9½	'87 Sep	105	4.95		9.05
dm 100	Swedish Export Credit	10¼	'91 Nov	110	7.86	7.29	9.32
	SWITZERLAND						
dm 100	Adia Resources Lt W/w	4½	'95 Nov	120¼	2.10		3.74
dm 100	Credit Suisse Pon X/w	4	'90 Jul	96	5.11		4.17
dm 100	Credit Suisse Pon W/w	4	'90 Jul	125½	1.95		3.19
dm 150	Credit Suisse Pon W/w	2⅝	'95 Dec	96	3.12		2.73
dm 150	Credit Suisse Pon X/w	2⅝	'95 Dec	75	6.19		3.50
dm 100	Intershop O/s Fin W/w	2¾	'96 Jul	99	2.87		2.78
dm 75	Moevenpick Fin Lt X/w	3	'92 Nov	85	5.87		3.53
dm 75	Moevenpick Fin Lt W/w	3	'92 Nov	119	.83		2.52
dm 100	Pirelli Deutschld W/w	3	'93 Feb	110¼	1.36		2.72
dm 100	Pirelli Deutschld X/w	3	'93 Feb	80½	6.76		3.73
dm 200	Swiss Bank Corp O/s	7⅛	'90 Jul	104½	5.84		6.82
dm 200	Swiss Bank Corp W/w	2¾	'94 Dec	138½	2.91		1.97
dm 200	Swiss Bank Corp W/w	2¾	'96 Feb	105	2.37		2.62
dm 200	Swiss Bank Corp X/w	2¾	'96 Feb	75¼	6.26		3.65
	UNITED KINGDOM						
dm 125	Allied Chemical O/s	7½	'94 Feb	102¾	7.01		7.30
dm 250	Barclays O/s Invest	8¼	'88 Dec	107	7.24	7.14	7.59
dm 80	Bass Continental Fin	8¼	'92 Oct	102¾	7.55	7.46	7.91
dm 125	Beecham Financiering	8¼	'92 Oct	104	7.29		7.81
dm 200	Beecham Group	7¾	'94 Nov	103½	6.90		7.13
dm 150	Btr Finance	7¾	'96 Dec	104	6.27		6.89
dm 100	Courtaulds Intl Fin	6½	'87 Jul	101	5.44	5.43	6.44
dm 100	Guest Keen Nettlefold	8⅛	'89 Nov	104½	6.88		8.03
dm 100	Heron Internat Financ	7¾	'95 Dec	100¾	7.33		7.20
dm 100	Lonrho Finance	8	'91 Nov	104¼	6.95		7.46
dm 100	Metropol Estate	7½	'92 Feb	103	6.83		7.28
dm 100	Midland Intl Finance	8⅝	'90 Oct	102½	7.77		8.29
dm 125	Natl Westminster Fin	11	'91 Oct	118½	6.69		9.28
dm 100	Natl Westminster Fin	9⅝	'92 Jan	113¼	6.78		8.50
dm 75	Rank Xerox Finance	7½	'93 Apr	104¼	6.69		7.19
dm 100	Reed International	7¼	'88 Jan	100¾	6.84	6.72	7.21
dm 100	South Scotland Electr	7	'88 Feb	100¾	6.45	6.24	6.95
dm 125	Standard Chartered Bk	6½	'88 Jan	100¾	5.58		6.45
dm 100	Trafalgar House Fin	6½	'87 Oct	100½	6.84	5.75	6.47
	UNITED STATES AMERICA						
dm 70	American Express Intl	5½	'87 Jan	100½	4.48		5.47
dm 100	Avon Intl Finance	7½	'92 Feb	102¼	6.81		7.25
dm 150	Bankamerica O/s	5¾	'88 Nov	99½	5.87		5.78
dm 150	Beatrice Foods O/s	7¼	'93 Sep	104	7.02		7.45
dm 100	Beneficial O/s Financ	7½	'89 May	107¼	6.59		6.98
dm 100	Black & Decker Financ	7⅝	'89 Sep	102½	8.18		8.80
dm 100	Chase Manhattan O/s	6	'93 Sep	98	6.36	6.61	6.12
dm 200	Chrysler Financial Pp	7¼	'90 Apr	103	6.33		7.04
dm 200	Chrysler Financial Co	6¾	'96 Mar	100¾	6.64		6.70
dm 125	Cii-Honeywell Bull	8½	'88 Aug	103½	7.43		8.17
dm 150	Citicorp O/s Finance	8	'92 Jun	105½	6.85		7.58
dm 200	Corn Products Cpc	6¾	'87 Jan	99¾			6.77
dm 300	Dow Chemical Co	6⅝	'95 Oct	102	6.45		6.62
dm 300	Dow Chemical Co	5⅝	'96 May	93	6.41		6.05
dm 175	Embart Corp	6⅝	'95 Oct	102¾	6.41		6.68
dm 100	First Inter Bancorp	5⅝	'96 Mar	92	6.89		6.25
dm 75	Ford Credit O/s Fin	7⅜	'89 Jul	103¼	6.33		7.37
dm 200	Ford Motor Credit Co	7	'95 Nov	101¼	6.83		6.88
dm 200	General Motors Corp	5⅝	'96 Jun	95	6.45		6.05
dm 100	Gmac O/s Finance	8¼	'87 Oct	103	5.69		8.01
dm 75	Gould Intl Finance	8⅝	'94 Dec	102⅝	7.45		8.07
dm 100	Gould Intl Finance	8⅜	'91 May	103	6.51		7.38
dm 100	Intl Standard Electrl	7⅝	'90 Dec	103½	5.97		7.01
dm 100	Intl Standard Electrl	7⅝	'90 Aug	104	6.66		7.32
dm 100	Intl Standard Electrl	7½	'94 May	104½	6.74		7.18
dm 200	Itt Antilles	9⅜	'92 Aug	107½	7.82		8.58
dm 200	Itt Antilles	7	'90 Jan	106	5.86		6.60
dm 100	Itt Corporation	7	'90 Jan	103	6.02		6.80
dm 100	Mc Dermott	6½	'91 Jul	97	7.24		6.70
dm 100	Mcdonalds Finance Co	8	'92 Oct	104½	7.32		7.89
dm 100	Mcdonalds Finance Co	7½	'92 Dec	104	6.34		6.85
dm 100	Mcdonalds Finance Co	7¼	'94 Jul	101½	6.34		7.14
dm 150	Occidental Intl Finan	6⅝	'90 Dec	101½	6.34	6.07	6.65
dm 120	Owens-Corning Fiberg	7⅛	'88 Dec	104	6.60		6.97
dm 250	Pepsico O/s Finance	7¼	'94 Feb	103¾	6.60		6.99
dm 225	Philip Morris Co Inc	6	'96 Mar	100	6.00		6.00
dm 150	Philip Morris Intl Co	9⅝	'89 Feb	104½	7.48		9.21
dm 100	Philip Morris Intl Co	8⅛	'89 Nov	105¼	6.44		7.73
dm 100	Philip Morris Intl Co	7½	'90 Dec	107	5.65		7.01
dm 175	Pittsbury Co	6⅝	'92 Dec	104¼	6.09		6.45
dm 265	Reynolds Rj Industrie	6⅝	'90 Nov	101½	6.70		6.77
dm 125	Reynolds Rj O/s	7¾	'94 Jan	104½	6.97		7.06
dm 150	Sperry Corp	8	'94 Jul	104¼	7.29		7.64
dm 250	Sterling-Winthrop Pro	7¼	'94 Mar	103	6.73		7.04
dm 100	Sun Intl Finance	7½	'88 Aug	101½	6.49	6.35	7.39
dm 250	Tenneco Corp	6⅝	'95 Nov	102⅛	6.47		6.49
dm 100	Tenneco Intl	9	'92 Jun	104	8.13		8.45
dm 100	United Technologies	7⅛	'91 Oct	104½	6.27		6.95
dm 100	United Technologies	7⅛	'92 Dec	107½	6.16		7.09
dm 50	Wells Fargo Intl W/w	6½	'88 Nov	235½	24.23	40.44	3.02

EURO CURRENCY UNITS

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
ecu 130	All Nippon Airways	9	'95 Apr	108	7.58		8.26
ecu 30	Austria New Zealand Bk	9¾	'92 Apr	103	7.37		8.83
ecu 100	Austria	10⅝	'90 Jun	113¼	7.43		9.38
ecu 50	Bank Mees & Hope	9	'92 Jul	106¼	7.46		8.47
ecu 40	Bank Of Tokyo Curacao	9⅝	'90 Jun	107¾	6.80		8.46
ecu 100	Banque Franc Com Ext	9⅝	'92 Jan	108¼	7.42		8.84
ecu 150	Banque Franc Com Ext	8⅝	'93 Oct	103¼	7.96		8.38
ecu 100	Banque National Paris	7¾	'92 Jul	108	7.12		7.13
ecu 75	Banque National Paris	8⅝	'95 Aug	105½	8.00		8.41
ecu 40	Bayerische Vereinsbk	8⅝	'88 Nov	102¾	6.46		8.51
ecu 75	Caisse Nat Telecomm	9⅝	'92 Apr	110	7.55		8.86
ecu 75	Caisse Nat Telecomm	9⅞	'95 Apr	110	8.22		8.98
ecu 50	Coralit Inc	8⅝	'95 Nov	105	8.08		8.45
ecu 40	Chrysler Financial Co	10	'91 Jul	109¼	7.71		9.15
ecu 75	Chrysler Financial Co	9	'92 Nov	103½	8.41		8.76
ecu 75	Chrysler Financial Co	10½	'93 Apr	109	8.69		9.29
ecu 56	Chrysler Financial Co	9¾	'94 Mar	103¼	8.59		8.94
ecu 50	Club Mediterranee	9	'88 Oct	103¾	7.27		8.72
ecu 75	Colgate Palmolive Co	8	'91 Mar	103¾	7.05		7.72
ecu 70	Comp Machines Bull	9⅝	'92 Nov	109½	7.78		8.57
ecu 40	Copenhagen City	9¼	'92 Aug	105¾	8.09		8.51
ecu 85	Credit Commerc France	9¼	'95 Sep	107	8.13		8.44
ecu 70	Credit Foncier France	11⅛	'96 Aug	110¼	9.50		10.09
ecu 175	Credit Lyonnais	6⅝	'92 Mar	94	7.70		6.78
ecu 55	Credit National	10¼	'94 Jul	115¼	7.78		8.87
ecu 67	Creditanstalt-Bankver	8⅝	'94 Dec	106¼	7.74		8.31
ecu 75	Credito Italiano	9⅝	'92 May	107½	8.21		9.19
ecu 75	Denmark	10¼	'91 Mar	107¼	8.63		9.56
ecu 250	Denmark	7⅝	'96 Apr	101	7.47		7.55
ecu 70	Dresdner Finance	9⅝	'90 Oct	112¼	6.86		8.18
ecu 40	Ecs Euro Coal & Steel	10¼	'89 Sep	108¼	7.70		9.52
ecu 100	Eec Europ Econom Com	8⅝	'93 Nov	104¼	7.72		8.35
ecu 50	Elb Europ Invest Bank	10⅛	'89 Jan	112¼	5.21		9.45
ecu 50	Elb Europ Invest Bank	10⅛	'90 Oct	113	7.10		9.51
ecu 40	Elb Europ Invest Bank	8¾	'90 Dec	106¼	6.91		8.11
ecu 75	Elb Europ Invest Bank	11¼	'92 Jun	111	8.69		10.02
ecu 40	Elb Europ Invest Bank	8½	'92 Dec	106¼	7.46		8.33
ecu 100	Elb Europ Invest Bank	8⅝	'93 Mar	106¼	7.37		8.11
ecu 130	Elb Europ Invest Bank	10⅛	'94 Jan	112¼	7.82		8.99
ecu 100	Elb Europ Invest Bank	10⅛	'94 Mar	112¼	8.38		9.47
ecu 150	Elb Europ Invest Bank	9⅝	'95 Apr	112½	7.73		8.67
ecu 150	Electricite France	9	'97 Aug	108	8.02		8.41
ecu 30	Enso-Gutzeit	9	'91 Oct	105	7.77		8.57
ecu 30	Enso-Gutzeit	9⅝	'92 Oct	105	8.17		8.49
ecu 35	Ford Credit Canada	9⅝	'92 Oct	106¼	7.63		8.33
ecu 75	Girot Bank Sparkassen	7	'92 Oct	97	7.54		7.22
ecu 60	Girot Bank Sparkassen	10½	'93 Dec	112¼	8.13	8.83	9.31
ecu 150	Ibm World Trade	8⅝	'90 Aug	104¾	6.98		7.98
ecu 40	Industrial Bk Finland	9	'95 Oct	106¼	8.27	8.14	8.61
ecu 100	Inter-American Dev Bk	10	'92 Apr	112½	7.56		8.89
ecu 100	Ireland	7¼	'96 May	94½	7.94		7.54
ecu 200	Italy	9⅝	'89 Apr	104¼	7.53		8.97
ecu 50	Kansallis-Osake-Pankk	9⅝	'92 Sep	108	7.69		8.68
ecu 75	Mepal Finance	10¼	'95 Apr	109	8.61		9.29
ecu 60	Mitsui Trust Fin (hk)	8⅝	'90 Nov	105	7.76		8.37
ecu 50	Moet Hennessy	9	'91 Mar	106¼	7.27		8.44
ecu 100	Morgan Guaranty Trust	8½	'90 Sep	104¼	7.17		8.12
ecu 50	Motorola Inc	8¾	'92 Jul	105¾	7.51		8.19
ecu 40	New South Wales Treas	8⅝	'93 Mar	103¼	7.49		8.29
ecu 100	New Zealand	9¼	'90 Jun	104	7.43		8.73
ecu 100	New Zealand	9⅝	'92 Jan	106	7.77		8.88
ecu 130	Nissan Telegra Teleph	7	'93 Jul	102	6.45		6.89
ecu 75	Petrocaro O/s Finance	8⅝	'95 Apr	102¼	8.49		8.77
ecu 50	Peugeot	9¼	'90 Dec	106¼	7.48		8.70
ecu 100	Phibro-Salomon	8½	'96 Feb	103⅞	7.94		8.28
ecu 75	Philips Intl Finance	9	'93 May	107	7.45		8.41
ecu 50	Primary Industry Bank	9¾	'92 Apr	108	7.95		9.03
ecu 75	Privatbanken	10	'92 May	106¾	8.56		9.40
ecu 75	Rabobank Nederland	9⅝	'95 May	111⅛	7.75		8.42
ecu 75	Rabobank Nederland	7½	'94 Mar	100⅝	7.48		7.45
ecu 40	Rep Auto Transp Paris	10⅝	'92 Apr	106⅞	9.34	9.12	10.21
ecu 125	Reynolds Rj Industrie	8⅝	'91 Sep	105	7.42		8.21
ecu 40	Sanwa Intl Finance Hk	9⅝	'94 Apr	105¼	8.08	8.00	8.91
ecu 100	Scandinavian Airlines	9	'93 Aug	106⅞	7.94		8.45
ecu 100	Sec Pacific Australia	8⅝	'90 Jul	102	7.85		8.42
ecu 45	Sncf Nat Chemins Fer	11⅛	'94 May	119⅝	7.98		9.40
ecu 50	Sumitomo Corporation	9⅝	'90 Oct	104⅝	7.48		8.80
ecu 30	Sumitomo Finance Asia	9	'93 Nov	99⅞	7.51		8.52
ecu 200	Sweden	6½	'95 Mar	94¾	7.24		6.90
ecu 70	Union Bank Norway	9	'95 Sep	106	8.05		8.43
ecu 75	Victoria Public Autho	8⅝	'90 Dec	105¼	7.42		8.19
ecu 62	Walt Disney Productio	8⅝	'94 Feb	104¾	7.56	7.44	8.21
ecu 75	Walt Disney Productio	9⅝	'95 Mar	107⅛	7.61	7.30	8.24
ecu 50	Westpac Banking Co	9⅝	'95 Mar	107⅛	8.10		8.97
ecu 125	World Bank	10⅛	'89 Nov	107⅛	7.56		9.51
ecu 40	World Bank	9¼	'92 Apr	111½	7.25		8.29
ecu 125	World Bank	8⅝	'93 Sep	106	7.51		8.13
ecu 50	World Bank	11	'93 Nov	114¼	9.02		9.58
ecu 75	World Bank	10⅜	'94 Nov	112½	8.47		9.44
ecu 250	World Bank	8½	'95 Oct	107	7.42		7.94

CANADIAN DOLLARS

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
cs 50	American Express O/s	10¼	'90 Jun	104¼	9.27		10.26
cs 50	American Hospital	12½	'90 Apr	106½	10.21		11.62
cs 61	Austrian Control Bank	16¼	'88 Jun	109½	11.16		14.98
cs 10	Bank Of Brit Columbia	10¼	'89 May	106¾	10.86		16.41
cs 75	Bank Of Montreal	16¼	'88 Mar	108	11.09		15.51
cs 75	Banque Indosuez	14	'91 Aug	111⅝	10.92		12.56
cs 60	Banque National Paris	12	'93 Jan	111⅞	9.59		10.74
cs 40	Bell Canada	10¾	'94 Oct	99½	12.41		10.81
cs 100	Bell Canada	16	'89 Jun	105½	13.66		15.20
cs 34	Brit Columbia Municip	10¾	'91 May	104	10.24		10.25
cs 125	Brit Columbia Provinc	12	'90 Apr	108	9.37		11.09
cs 100	Brit Columbia Provinc	13½	'91 Jul	114¼	9.34		11.80
cs 100	Brit Columbia Provinc	12¾	'91 Nov	110	9.73		11.14
cs 125	Brit Columbia Provinc	12	'93 Dec	112	9.64		10.71
cs 50	Brit Columbia Teleph	17¼	'88 Sep	112¾	12.34		14.13
cs 70	Brit Columbia Teleph	12¼	'89 Feb	107⅛	9.35		11.57
cs 50	Canadian Imperial Bk	16½	'87 Jun	105	10.67		15.71
cs 40	Canadian Imperial Bk	12¼	'89 May	109¼	10.81		12.39
cs 30	Canadian Natl Railway	8½	'87 Mar	98½	11.17		9.85
cs 100	Canadian Natl Railway	11½	'90 Jun	108½	9.59		10.46
cs 40	Canadian Natl Railway	9¾	'93 Mar	102½	9.15		9.53
cs 100	Canadian Natl Railway	12½	'95 Apr	112½	10.36		11.14
cs 40	Canadian Occid Petrol	12¼	'89 Mar	105	11.58		11.79
cs 40	Canadian Pacific	17¼	'87 Nov	107	15.75		17.40
cs 40	Canadian Pacific	16¼	'89 Apr	105¾	14.34		15.71
cs 75	Canadian Pacific	11½	'90 May	104½	10.34		11.35
cs 35	Canadian Utilities	17	'87 Aug	106½	10.33		16.93
cs 40	Canadian Utilities	17	'96 Dec	128	13.30	13.50	14.17
cs 50	Chrysler Credit Can	14	'91 Oct	109½	11.48		12.79
cs 40	Chrysler Credit Can	13¼	'92 May	114½	11.38		11.54
cs 30	Credit Fonc Franc-Can	17¼	'89 Apr	113½	11.38		15.09
cs 100	Denmark	13	'89 Oct	110	9.75		11.57
cs 40	Elb Europ Invest Bank	12½	'91 Dec	108½	10.18		11.52
cs 50	Farm Credit Corp	13¾	'90 Mar	109	10.83		11.63
cs 100	Feder Business Dev Bk	17¾	'86 Oct	102	10.58		17.40
cs 20	Ford Motor Credit Can	8¼	'87 May	96⅞	10.36		8.86
cs 75	Gaz Metropolitain	17¼	'90 Oct	119	11.35		14.50
cs 25	Gaz Metropolitain	14½	'92 Dec	114¾	11.17		12.64
cs 50	Gaz Metropolitain	13½	'94 Oct	117½	10.71		11.48
cs 40	General Motors Accept	9¾	'88 Oct	99	10.31	10.34	9.85
cs 50	General Motors Accept	16½	'89 Feb	105½	12.65		15.63
cs 75	Genstar Financial Co	11¾	'95 Jun	105½	10.59		11.13
cs 60	Hudsons Bay	10	'87 Nov	101	14.52		12.83
cs 40	Hudsons Bay	18½	'89 Apr	99¾	18.88	18.73	18.55
cs 40	Hudsons Bay	17	'89 May	107⅝	14.22		14.75
cs 50	Hudsons Bay	14¼	'89 Jul	107	11.71		13.32
cs 85	Industrial Bank Japan	12	'91 Dec	104½	10.83		11.48
cs 50	Interprovin Pipe Line	12¾	'93 May	108½	10.83		11.75
cs 25	Ipe Canadian Finance	10	'86 Aug	99	22.81	22.90	10.10
cs 75	Kreditbank Illimo	12	'92 Jan	109¼	9.63		10.99
cs 75	Laval City	14¼	'91 Sep	113½	10.88		12.57
cs 35	Loblaw	12½	'90 Dec	105	10.97		11.90
cs 40	Montreal City	10	'89 Jul	100	9.98		10.00
cs 40	Montreal City	12	'90 Dec	105¼	10.34		11.39
cs 50	Montreal City	12¾	'91 May	108¾	10.36		11.38
cs 40	Montreal City	12¼	'91 Nov	108¾	9.92		11.21
cs 40	Montreal City	11	'94 Jan	104½	9.93		10.56
cs 30	Nacional Financiera	17¼	'87 Mar	101½	15.00		17.00
cs 30	Natcan Realty Corp	15¾	'88 Feb	104	11.85		15.14
cs 30	National Bank Canada	14½	'88 Feb	104	11.20		13.96
cs 75	New Brunswick Provinc	12	'95 Jan	117	10.09		10.26
cs 75	New Brunswick Provinc	11¾	'95 Jun	104¼	10.92		11.27
cs 40	Norcen Energy Res	12¾	'93 Aug	107	11.25		11.92
cs 30	Nova Scotia Power	9¾	'94 Jul	97½	9.97		9.74
cs 50	Nova Scotia Province	17¾	'95 Feb	121	12.27		14.63
cs 65	Panconadian Petroleum	16½	'86 Dec	103	14.53		16.02
cs 50	Panconadian Petroleum	13¼	'93 Apr	108½	10.82		12.21
cs 75	Quebec City	14½	'89 Feb	108½	11.71		13.36
cs 75	Quebec Hydro	14	'91 Jul	106½	12.16		13.14
cs 50	Quebec Hydro	14	'92 Nov	110½	11.57		12.67
cs 50	Quebec Hydro	12¼	'93 Sep	110½	10.27		11.08
cs 100	Quebec Hydro-Electric	12¾	'95 May	111¼	10.84		11.46
cs 50	Quebec Province	16	'87 Oct	102¾	12.25		15.57
cs 50	Quebec Province	17¼	'87 Nov	104	14.48		16.59
cs 50	Quebec Province	16¼	'88 Sep	106	13.50		15.33
cs 50	Quebec Province	14½	'89 Apr	105½	12.90		13.74
cs 50	Quebec Province	12	'92 Jul	106½	10.64		11.27
cs 150	Quebec Province	12	'95 Jan	112¼	9.79		10.69
cs 25	Royal Bank Of Canada	9⅝	'88 Apr	99¼	9.77	9.70	9.70
cs 50	Royal Bank Of Canada	9	'92 Feb	98	9.45	9.52	9.18
cs 40	Royal Bank Of Canada	10	'94 May	100	9.99	9.98	10.00
cs 40	Reymet	17¼	'86 Dec	102½	10.78		16.83
cs 50	Sears Acceptance	14	'91 Aug	111½	10.93		12.56
cs 75	Shell Canada	11¼	'92 Jul	106	9.72		10.54
cs 40	Simpsons-Sears Accept	14½	'89 Apr	113	11.08		14.82
cs 50	Swedish Export Credit	12¼	'88 Feb	102	10.74		12.01
cs 50	Swedish Export Credit	12¼	'88 Sep	103½	10.86		11.95
cs 50	Toronto-Dominion Bank	12½	'89 Nov	102⅛	11.36		12.86
cs 50	Toronto-Municipality	13	'94 Oct	115¼	10.87		11.22
cs 50	Transalta Utilities	17	'89 Feb	113	10.96		15.04
cs 100	Transalta Utilities	13¼	'94 Dec	113½	10.71		11.67
cs 50	Trizec Corp	13	'89 Oct	107¾	10.87		12.06
cs 50	Union Carbide Canada	14	'89 Jan	109	11.40		14.68
cs 50	Vancouver	13	'94 Apr	113½	10.57		11.45
cs 81	Vienna City	13¼	'94 Jul	114	10.57		11.62
cs 50	Winnipeg City	10⅝	'96 Jul	103	9.49		10.32
cs 75	World Bank	12½	'90 Oct	108¾	9.43		11.26
cs 40	Xerox Canada	13	'88 Sep	103	10.34		12.62
cs 50	Zentralsparka-Kommerz	11⅞	'95 Feb	114¼	9.37		10.39

FRENCH FRANCS

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
ff 100	Basf Transatlantica	7½	'87 May	99⅞	8.42	8.42	7.56
ff 50	Bass Charrington	7½	'87 Aug	99⅞	8.11	8.51	7.53
ff 100	Bat Intl Finance	7½	'87 Nov	99¾	8.05	8.29	7.56
ff 100	Charter Consolid O/s	7½	'87 Oct	99½	7.89	7.93	7.53
ff 100	Ciments Lafarge	7½	'87 Jul	99¾	7.98	7.91	7.53
ff 100	Denmark	7½	'87 Sep	99¾	7.51	8.00	7.53
ff 175	Elb Europ Invest Bank	7½	'87 Aug	99¾	7.40	7.71	7.28
ff 150	Euratom	9⅝	'87 May	100	9.71		9.75
ff 500	Gaz De France	11¼	'88 May	116½	9.82		10.18
ff 150	Oslo City	7½	'87 Mar	99⅝	7.75	7.76	7.28
ff 175	Peugeot-Citroen	9⅝	'87 Feb	100	9.55	9.53	9.25
ff 100	Pont-A-Mousson	7½	'87 Aug	99¾	7.98	8.28	7.54
ff 200	Renault	7¼	'87 Mar	99¾	8.11	8.11	7.28
ff 100	Rhone-Poulenc	7¼	'87 Apr	99¾	8.29	8.29	7.28
ff 125	Solvay	9¼	'87 Jun	100	9.45		9.25
ff 150	World Bank	7¼	'87 Jun	99⅞	7.44	7.46	7.28

JAPANESE YEN (EURO)

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
y 10000	Allied Co	6¾	'94 Dec	101	6.58		6.68
y 20000	Allied-Signal Inc	6⅝	'93 Jan	101	6.55		6.60
y 15000	Asian Develop Bank	5⅞	'88 Sep	100⅝	5.26		5.71
y 15000	Asian Develop Bank	8¼	'91 Apr	109¾	5.88		7.53
y 15000	Asian Develop Bank	8⅝	'92 Aug	105	7.57		8.21
y 15000	Asian Develop Bank	7⅝	'94 Feb	108	6.43		7.06
y 10000	Associates North Amer	6⅝	'93 Nov	108½	6.53		6.10
y 45000	Australia	5½	'91 Jun	99⅞	5.83		5.50
y 15000	Australia	8¾	'91 Aug	104¼	8.18		8.40
y 15000	Australia	8½	'92 Oct	105¼	7.53		8.19
y 20000	Australian Ind Dev Co	6	'96 Mar	100	6.00		6.00
y 30000	Austria	6⅝	'93 Apr	107¼	5.91		6.53
y 36000	Avon Capital Corp	6⅝	'91 Dec	102	6.29		6.62
y 17000	British Petrol Overse	7	'92 Mar	104¼	6.89		6.71
y 50000	Canada	6½	'91 Feb	102	5.61		6.86
y 30000	Coca-Cola Company	5¾	'96 Apr	97½	6.09		5.90
y 15000	Csx Corporation	6⅝	'96 Jan	99¾	6.78		6.77
y 20000	Denmark	6⅝	'92 Jan	104	5.87		6.49
y 15000	Denmark	8⅝	'92 May	104	7.37		7.93
y 20000	Dow Chemical Co	7	'94 Dec	102½	6.69		6.83
y 25000	Dow Chemical Co	6⅝	'01 Apr	92	7.15		6.85
y 15000	Elb Europ Invest Bank	8¼	'92 Jun	103¼	7.55		7.99
y 25000	Elb Europ Invest Bank	6⅝	'96 Mar	102¼	5.78		5.98
y 20000	Electricite France	6⅝	'95 Jun	106⅛	5.86		6.45
y 20000	Eurofima	6⅝	'94 Feb	102¾	6.14		6.46
y 10000	Eurofima	7⅝	'94 Mar	104¼	6.63		7.07
y 10000	Finland	8¼	'89 Nov	101⅞	7.74		8.53
y 15000	Finland	6⅝	'90 Apr	104¼	5.37		6.45
y 20000	Ford Motor Credit Co	6⅝	'91 Jan	101¾	5.97		6.54
y 25000	General Electric Co	5¾	'93 Apr	98	6.11		5.87
y 25000	General Motors Accept	6⅝	'90 Feb	102¾	5.74		6.35
y 22000	General Motors Corp	5⅝	'91 Jun	97	6.41		
y 17000	Goodyear Tire Rubber	6⅝	'93 Dec	100¾	6.75		
y 25000	Goodyear Tire Rubber	7⅛	'96 Mar	102⅝	6.63		
y 23000	Itt Credit Corp	7¼	'91 Mar	105	5.96		
y 15000	Inter-American Dev Bk	7⅞	'91 Nov	107⅜	6.10		
y 15000	Inter-American Dev Bk	7⅝	'93 May	106¼	6.46		
y 20000	Itt Corporation	6⅝	'95 Feb	104¼	6.02		
y 10000	Matsushita Corporation	6⅝	'93 Jan	102	6.24		
y 10000	Mortgage Bank Denmark	7	'92 May	104¼	6.11		
y 10000	New Brunswick Provinc	7⅞	'92 Nov	106¼	6.67		
y 15000	New Zealand	8⅝	'87 Dec	104	5.65		
y 15000	New Zealand	8⅝	'89 Sep	108¼	5.84		
y 20000	Pacific Gas Electric	7	'94 Sep	102¾	6.55		
y 20000	Penney Jc Co Inc	6⅝	'93 Mar	104¼	5.89		
y 25000	Procter & Gamble	6	'91 Mar	102	5.53		
y 20000	Procter & Gamble	6¼	'92 Feb	102	5.84		
y 20000	Sweden	6	'94 Apr	101¼	5.81		
y 12000	Sears Roebuck Co	6⅞	'91 May	104¼	6.01		
y 25000	Trw Inc	7	'94 Dec	102¼	6.63		
y 25000	United Technologies	6⅝	'92 Jan	102¼	6.09		
y 25000	Walt Disney Productio	6⅝	'96 Feb	102	6.31		
y 20000	World Bank	8⅝	'90 Apr	109¼	5.88		
y 25000	World Bank	8⅝	'91 Feb	112	5.71		
y 25000	World Bank	8⅝	'92 Mar	113	5.83		
y 25000	World Bank	8	'93 Mar	111¼	6.08		
y 20000	World Bank	7⅝	'93 Nov	111¼	5.88		
y 20000	World Bank	6⅝	'94 Dec	106½	5.67		
y 15000	World Bank	6⅝	'96 Feb	105	5.84		

NORWAY KRONERS

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
nkr 250	Denmark	9¾	'92 Mar	98⅜	9.77		
nkr 200	Eksportfinans	12	'89 Jan	105½	10.75		
nkr 200	Eksportfinans	10¾	'92 Jun	101½	9.26		
nkr 300	Finland	11¾	'89 Jun	102¼	10.53		
nkr 100	Nordic Investment Bk	12½	'98 Jul	104¼	11.85		
nkr 100	Norges Hypotekforenin	10¾	'88 Apr	98¼	11.58		11.05
nkr 250	Norsk Data	11	'89 Dec	100			
nkr 300	Norsk Hydro	12	'93 Oct	103⅜	11.13		
nkr 300	Oslo City	10⅝	'90 Feb	100			
nkr 150	Oslo City	11¼	'91 Aug	103			
nkr 250	Scandinavian Airlines	10¾	'93 Jan	100¾	9.96		

POUNDS STERLING

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
40	Alliance & Leicester	10	'91 Mar	100¼	9.91		
40	American Brands	12	'95 Feb	109¼	10.23		
30	Amev Nv	11	'93 Jan	105¼	9.84		
50	Amro Bank	10⅛	'91 Mar	102¼	9.59		
30	Austrian Central Bank	11¾	'91 Jun	110	9.41		
50	Banque Franc Com Ext	11⅛	'88 May	102¼	9.29		
100	Bat Intl Finance	10	'91 Dec	102	9.46		
50	British Petrol Cmlie	10½	'92 Sep	104¼	9.48		
50	Caisse Nat Telecomm	12¾	'89 Oct	108¼	11.07		
50	Cbs Inc	10⅝	'94 Dec	94½	11.52		
30	Chase O/s Finance	12⅝	'92 Aug	111¼	9.98		
25	Citicorp O/s Finance	10	'93 Mar	99¾	10.01		10.01
30	Commonwealth Bk Austr	11	'92 Apr	105	9.87		
50	Council Of Europe	11⅛	'92 Aug	107	9.76		
30	Courtaulds Intl Fin	9⅝	'89 Dec	99	10.07		10.07
50	Credit Lyonnais	10⅜	'94 Jan	100¼	9.83		
50	Denmark	10⅜	'91 Apr	103¼	9.32		
75	Denmark	11⅝	'94 Sep	112½	9.48		
75	Deutsche Bank Finance	10⅝	'97 Mar	105	9.74		
30	Ecs Euro Coal & Steel	13⅝	'88 Oct	106⅞	11.54		
20	Ecs Euro Coal & Steel	9⅝	'88 Dec	100	9.50		9.61
50	Eec Europ Econom Com	11⅜	'90 Nov	107¼	9.16		9.72
50	Eec Europ Econom Com	11⅝	'91 Feb	104⅝	10.51		10.71
50	Eec Europ Econom Com	11⅜	'93 Oct	108⅝	9.70		
50	Eec Europ Econom Com	11⅜	'94 Feb	109⅝	9.47		
25	Elb Europ Invest Bank	9⅝	'88 Feb	99⅝	9.94		9.91
20	Elb Europ Invest Bank	11½	'91 Jun	101	11.22		
15	Elb Europ Invest Bank	12	'91 Jul	101½	11.38		11.81
25	Elb Europ Invest Bank	10¾	'92 Feb	104¼	9.14		
25	Elb Europ Invest Bank	9⅝	'92 Dec	99¾	9.75		
50	Elb Europ Invest Bank	11⅛	'93 Apr	107¼	9.58		

CONVERTIBLE BONDS

July 3

Amt	Security	%	Mat	Mid. Price	Conv. Period		Conv. Price p/sh	Conv. Prm.	Curr Yld
	EUROPE								
$ 80	Alusuisse Capit 17.08	6½	'93 Jan	93	16 Jan 81	maturity	$ 58 5/9	88.59	
$ 60	Alusuisse Intl	4½	'87 Mar	98	1 Sep 69	maturity	$ 1058 3/4	46.34	
$ 20	Banca Svizzera Italia	6	'93 Oct	130	1 Dec 83	maturity	$ 7250	3.86	2.10
$ 84	Bbc Brown Boveri 5.34	4¾	'93 Dec	151	1 Jul 79	maturity	$ 202 3/8	4.23	
$ 57	Bbc Brown Boveri 10.80	4¾	'95 Dec	170	1 Feb 84	maturity	$ 1000	3.62	
ecu 170	Btr Plc	4¼	'95 Dec	112½	1 Jan 86	maturity	p 260 = p 271.885	.34	2.46
$ 150	Btr Plc	5	'95 Dec	128¼	1 Jan 86	maturity	p 260 = p 262.259	1.48	3.86
$ 50	Cadbury Schweppes	8	'00 Dec	148½	15 Jan 86	8 Dec 00	p 182 = p 127.878	2.65	4.54
$ 100	Credit Suisse Bahamas	4¼	'93 Dec	212	16 Jan 77	maturity	$ 1800	.57	2.40
$ 100	Credit Suisse Bahamas	4¼	'93 Dec	168	1 Oct 79	maturity	$ 1290	.42	2.63
$ 51	Electrowatt Finance	5	'96 Jun	144	17 Oct 83	29 Jun 98	$ 1298	1.32	1.95
$ 80	Hawley Group Pref/sh	8⅝	'01 Jan	108¼	1 Jan 87	20 Dec 00	p 1.35 = p 1.344	33.83	53.65
$ 40	Hoogovens 34.62	6	'94 Aug	144	1 Jan 80	maturity	hfl 95 = hfl 65.138	7.59	1.39
$ 100	Ici Finance 1.25	8½	'99 Oct	130	15 Oct 84	1 Oct 99	p 800	4.80	.83
$ 100	Ici Intl Fin 134.77	6¾	'97 Jul	178	1 May 76	1 Sep 97	p 488 = p 520.986	7.28	.83
$ 24	Inchcape Bermu 93.27	8	'95 Aug	90	15 Feb 81	15 Jul 95	p 455 = p 496.846	60.81	4.45
$ 24	Intershop O/s 5.00	5¾	'90 Oct	207	2 Apr 79	maturity	$ 220.470	3.15	2.83
$ 24	Intershop O/s 10.00	6	'93 Oct	203	1 Oct 83	maturity	$ 225.475	3.04	3.03
$ 34	Lonrho Finance	6⅝	'88 May	134	12 May 85	30 Apr 88	p 185 = p 145.935	5.90	5.49
$ 100	Lonrho Finance	6¼	'01 Apr	107½	6 May 86	20 Apr 01	p 272.40 = p 268.000	7.09	5.48
$ 500	Michelin 3.66	7¾	'00 Jan	284	2 Jan 86	2 Apr 00	ff 1288.800	3.63	.81
$ 50	Moet-Hennessy 5.82	7	'99 Jan	142	2 Jan 85	2 Apr 99	$ 171.830	4.71	4.83
$ 75	Pearson Plc	5¾	'01 May	118	29 May 86	maturity	p 5 = p 4.924	14.49	97.04
$ 50	Pirelli Fin Services	7	'95 Jun	157	6 Aug 85	22 Jun 95	$ 143.830	7.34	3.10
$ 40	Pirelli Uk Intl	7½	'00 Jun	175	6 Aug 85	22 Jun 00	p 1.148	.55	
$ 75	Rank Organisat 68.86	4½	'93 Feb	79½	14 Feb 74	maturity	p 618 = p 944.866	44.81	1.54
$ 49	Sandoz Holding 5.00	4½	'97 Dec	171½	1 Aug 85	maturity	$ 552	2.88	.92
$ 50	Surveillance	4½	'94 Jun	211	1 Jul 84	maturity	$ 7080	2.73	.83
$ 120	Swiss Bank Co O/s	6¼	'98 Dec	140	1 Sep 88	maturity	$ 280	8.43	2.72
$ 120	Ubs (luxembourg) 1.00	4½	'87 May	284	1 Jun 77	maturity	$ 1280	1.55	1.45
$ 115	Ubs (panama) 15.00	5	'89 May	174	1 Feb 80	maturity	$ 76 2/3	1.55	1.70
	JAPAN								
$ 120	Ajinomoto Co	3	'99 Mar	264½	30 Apr 84	22 Mar 99	Y 984.70	712.151	1.89	.52
$ 70	Bridgestone Tire Co	5⅛	'96 Dec	212½	1 Mar 82	20 Dec 96	Y 478	328.588	1.46	1.41
$ 100	Canon Inc	3	'00 Jun	118½	1 Jul 85	28 Jun 00	Y 1301	848.839	.41	1.34
$ 100	Casio Computer	3	'00 Mar	145¼	24 Jun 85	18 Mar 00	Y 1583.40	1034.252	.82	.84
$ 50	Citizen Watch Co	3	'00 Mar	146	22 Apr 85	20 Mar 00	Y 595	374.261	1.70	1.19
$ 100	Fujitsu Ltd	3	'99 Mar	118¼	1 May 84	23 Mar 99	Y 1169.80	797.165	.88	.81
$ 40	Hitachi Credit Corp	5	'96 Sep	161	14 Jul 81	23 Sep 96	Y 1612.50	1159.780	1.39	.83
$ 100	Jvc Victor Comp Japan	5	'97 Mar	171¼	18 Jan 82	10 Mar 97	Y 2222	1451.270	.34	.44
$ 40	Kalima Corporation	3⅝	'98 May	488	1 Apr 85	23 May 00	Y 290	181.298	2.13	.50
$ 70	Kao Corporation	3	'00 Mar	347	1 Apr 85	20 Mar 00	Y 711.30	442.535	2.59	.85
$ 50	Kawatetsu Photo	4	'98 Apr	166	25 Oct 83	13 Apr 98	Y 641	446.433	1.20	1.13
$ 50	Marui Co Ltd	3⅝	'99 Jan	311	10 Jul 84	28 Jan 99	Y 1142	887.381	2.48	.47
$ 180	Mazda Motor Corp	3	'99 Apr	124½	7 May 85	29 Apr 99	Y 486	316.146	1.85	1.73
$ 100	Mitsubishi Electr Co	3⅝	'00 Mar	132½	1 Mar 85	20 Mar 00	Y 422	270.166	1.46	1.65
$ 100	Murata Manufacturing	3⅝	'99 Mar	153¾	21 Feb 84	19 Mar 99	Y 1958.40	1363.482	1.44	.58
$ 100	Murata Manufacturing	3⅝	'00 Mar	148	16 Jul 84	17 Mar 00	Y 1998.30	1481.249	2.18	.58
$ 150	Nec Corporation	3⅝	'00 Mar	175½	7 Jan 85	24 Mar 00	Y 1295	851.629	1.09	.32
$ 50	Nippon Oil	3⅝	'99 Mar	124	20 Mar 84	17 Mar 99	Y 1001.90	700.482	2.25	.48
$ 70	Nippon Oil	3	'00 Mar	212	20 May 85	20 Mar 00	Y 923	601.134	1.14	.48
$ 70	Nippon Seiko	3¼	'99 Oct	138½	19 Nov 84	20 Oct 99	Y 685.70	395.583	2.34	2.58
$ 180	Nissan Motor	5⅝	'98 Mar	134½	5 Apr 83	24 Mar 98	Y 626.40	439.257	.59	1.88
$ 40	Olympus Optical Co	6⅝	'97 Oct	148½	7 Dec 82	24 Oct 97	Y 1157.40	734.675	.93	1.03
$ 60	Orient Finance Co	5⅝	'97 Mar	142	1 Mar 82	25 Mar 97	Y 927.20	679.428	2.86	.70
$ 100	Sanwa Bank Ltd	2⅝	'00 Sep	124⅜	17 Oct 85	20 Sep 00	Y 1442.70	944.383	.04	.37
$ 50	Sanyo Electric Co	5	'96 Nov	107½	1 Oct 81	20 Nov 96	Y 392.70	419.848	8.75	1.45
$ 80	Secom Co Ltd	3⅝	'99 Nov	227	1 Oct 84	29 Nov 99	Y 4940	3245.792	.98	.86
$ 25	Sekisui House Ltd	3	'99 Jan	185	4 Jun 84	20 Jan 99	Y 612	432.699	1.12	.81
Y 30000	Sony Corp	2	'00 Apr	94	1 May 85	27 Apr 00	Y 4528		29.62	.64
$ 70	Sumitomo Corp	2⅝	'99 Mar	258	17 May 84	19 Mar 99	Y 539.10	391.528	1.69	.70
$ 50	Sumitomo Metal Indust	7	'93 Sep	128	2 Feb 81	20 Sep 93	Y 175.70	132.415	6.53	3.27
$ 100	Tokyo Sanyo Electric	3⅝	'99 Nov	165	3 Dec 84	19 Nov 99	Y 593.80	389.921	4.47	1.90
$ 50	Toshiba Ceramics Co	3	'00 Sep	134¼	19 Apr 85	20 Sep 00	Y 1724.20	1084.992	2.89	.52
	MISCELLANEOUS								
$ 140	Elders Nv 445.45	11¼	'94 Jul	139½	28 Sep 84	7 Jul 94	aud 2.54 = aud 2.753	14.96	3.03
$ 150	Jardine Math Pref/sh	7	'90 Jan	94			hk$ 7 hk$ 7.008	12.13	
	UNITED STATES AMERICA								
$ 15	Addressograph 12.50	4¾	'88 May	81	1 Dec 68	maturity	$ 80	778.44	
$ 40	Alaska Interstate 42.63	8¼	'95 Dec	48½	20 Apr 81	maturity	$ 23.460	56.78	3.51
$ 70	American Banker 58.76	5¾	'01 May	107	27 May 86	maturity	$ 19 5/8	37.53	9.52
$ 20	American Can 17.09	4¾	'88 May	129	1 May 73	maturity	$ 58 1/2	.70	3.82
$ 40	American Express 33.33	4¼	'87 May	285¼	15 May 73	maturity	$ 30	.24	2.20
$ 300	American Gener 24.69	6⅝	'00 Oct	136¼	16 May 85	3 Mar 00	$ 40 1/2	10.38	2.46
$ 25	American Motor 161.55	6	'92 Apr	92½	1 Oct 72	maturity	$ 6.190	47.76	
$ 30	Amf Incorp 19.14	5	'87 Sep	93	1 Jun 73	maturity	$ 52 1/4	247.00	3.57
$ 25	Apache Intl Fin 43.34	9½	'96 Jun	93½	14 Oct 81	maturity	$ 23 1/6	158.17	2.34
$ 300	Beatrice Fin 27.31	10⅝	'94 Sep	133¼	15 Sep 85	maturity	$ 36 5/8		
$ 20	Beatrice Foods 57.34	7⅝	'90 Nov	276	1 Jul 71	maturity	$ 17 1/2		
$ 25	Beatrice Foods 43.72	6⅝	'91 Aug	210	1 Mar 72	maturity	$ 22 7/8		
$ 25	Beatrice Foods 38.71	4½	'92 Sep	170	1 Apr 73	maturity	$ 26		
$ 25	Beatrice Foods 43.96	6⅝	'93 Aug	210	1 Apr 74	maturity	$ 22 3/4		
$ 25	Blocker Energy 45.71	8¼	'95 Jul	22½	20 Oct 80	maturity	$ 21 7/8	894.38	
$ 25	Broadway-Hale 24.10	4⅝	'87 Jun	99	15 Jun 73	maturity	$ 41 1/2	16.53	3.46
$ 125	Cetted Inc	6½	'01 Feb	119¼	20 May 86	maturity	$ 35 1/4	9.27	1.24
$ 7	Carrier O/s 24.48	4	'87 Dec	131¼	31 Jul 78	maturity	$ 23	.89	6.47
$ 15	Cdc Control Dat 16.55	5	'88 Apr	92	15 Oct 68	maturity	$ 60.420	140.37	
$ 30	Charter Intl Fl 20.51	8¼	'94 Oct	49	5 Feb 80	maturity	$ 48 3/4	748.44	
$ 50	Chevron O/s Fin 64.57	5	'88 Feb	245	1 Aug 68	maturity	$ 15.535	2.10	6.17
$ 50	Chrysler O/s 32.30	5	'88 Feb	138	15 Aug 68	maturity	$ 30.890	2.40	2.48
$ 60	Chrysler O/s 28.25	4¾	'88 May	105½	15 Dec 68	maturity	$ 35.400	.06	2.48
$ 35	Comcast Corp 41.88	7	'00 Sep	123	4 Sep 85	maturity	$ 23 7/8	9.27	.11
$ 110	Comsat Intl 20.46	7¾	'96 Oct	99¾	15 Oct 83	maturity	$ 48 7/8	47.74	3.44
$ 25	Contl Tel Intl 42.18	5½	'88 Mar	124½	1 Apr 69	maturity	$ 23.710	1.48	4.00
$ 30	Crutcher Financ 33.94	8¾	'95 Dec	10	4 May 81	maturity	$ 29.460	292.80	
$ 15	Cummins Int Fin 18.35	6¾	'86 Oct	121¼	30 Jun 72	maturity	$ 54 1/2	.75	3.21
$ 20	Cummins Int Fin 27.65	5	'88 Aug	182	1 May 69	maturity	$ 36.160	1.04	3.21
$ 20	Damon Corp 13.75	5¾	'87 Dec	86	1 Jul 73	maturity	$ 72 3/4	254.90	1.33
$ 8	Dictaphone Intl 24.19	5½	'88 Mar	370	1 Oct 68	maturity	$ 29 1/4	11.39	1.74
$ 18	Dialan Finance 33.98	8½	'95 Oct	25	23 Feb 81	maturity	$ 29 1/2	1080.80	
$ 70	Eastman Kodak 15.62	4½	'88 May	107¼	15 May 69	maturity	$ 64	14.12	3.71

—HIGHEST CURRENT YIELDS—

On convertibles having a conversion premium of less than 10%.

Amt	Security	%	Mat	Mid. Price	Conv. Period		Conv. Price p/sh	Conv. Prm.
$ 140	Elders Nv 445.45	11¼	'94 Jul	139½	28 Sep 84	7 Jul 94	aud 2.54 = aud 2.753	14.96
$ 50	South Calif Edi 61.78	12½	'97 Aug	182	7 Jan 83	maturity	$ 16.188	.59
$ 100	Ici Finance 1.25	8½	'99 Oct	130	15 Oct 84	1 Oct 99	p 800	4.80
$ 50	Sumitomo Metal Indust	7	'93 Sep	128	2 Feb 81	20 Sep 93	Y 175.70 = 132.415	6.53
$ 50	Ina O/s Finance 23.81	8¾	'00 Sep	137	1 Apr 81	25 Aug 00	$ 42	.42
$ 40	Newmont Mining 16.18	8½	'10 Mar	134¼	20 Mar 85	maturity	$ 62 7/8	3.14
$ 20	Itt Sheraton 18.55	6½	'89 Jul	108½	1 Feb 70	maturity	$ 53.910	8.32
$ 30	Viacom Intl Inc 34.37	7¾	'00 Jul	121½	12 Jul 85	maturity	$ 29.10	2.70
$ 50	Comcast Corp 41.88	7	'00 Sep	123	4 Sep 85	maturity	$ 23.875	9.27
$ 125	Cetted Inc	6½	'01 Feb	119¼	20 May 86	maturity	$ 33 7/8	9.27
$ 200	St Paul Comp 25.75	7⅝	'00 Apr	138¼	15 Apr 85	maturity	$ 38 1/4	1.06
$ 30	Cadbury Schweppes	8	'00 Dec	148½	15 Jan 86	8 Dec 00	p 182 = p 127.878	2.65
$ 50	Great Western 29.53	7⅝	'98 Jun	139½	30 Dec 83	maturity	$ 33.875	.75
$ 30	Mohasco Intl 20.62	5	'87 Jun	96	15 Mar 73	maturity	$ 48 1/2	1.96
$ 15	Cummins Int Fin 18.35	6¾	'86 Oct	121¼	30 Jun 72	maturity	$ 54 1/2	.75
$ 15	Honeywell Capit 14.67	6	'86 Nov	122	1 Jul 72	maturity	$ 68	3.32
$ 50	Intl Stand Elec 18.90	5	'88 Feb	165	15 Aug 68	maturity	$ 52.910	3.50

Explanation of Symbols

CDS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NKD	Norwegian Kroner - DM		

NASDAQ National List

OTC consolidated trading for week ended Friday.

The Daily Source for International Investors.

مكتبة الاسد ١

New Eurobond Issues

Compiled by Nicole Baruch from information supplied by European bond traders.

…uer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
…RATE NOTES						
…xpress	$100	1998	⅛	100	100.03	Over 3-month Libor. Callable at par after 1991. Fees 0.70%. Denominations $10,000.
…ıst	$200	1993	0.10	100.10	99.95	Over 6-month Libor. Callable at par on any interest payment date. First coupon will be fixed at 7.1625% over 2-weeks Libor plus 0.10 basis points. Fees 0.16%. Denominations $10,000.
	$100	1996	⅛	103	—	Over 6-month Libor. Noncallable. Further $75 million on tap until Sept. 22. Fungible with $100 million issue launched in March. Also 100,000 floor warrants paying 6⅝% minus 6-month Libor per $1,000 note. No interest paid if Libor is at 6⅝% or above. Fees 0.75%. Denominations $10,000.
…ners of the …of Victoria	$300	1996	libid	100	99.74	Interest pegged to 6-month Eurodollars. Callable at par on any interest payment date. Fees 0.26%. Denominations $10,000.
…cier de	DM300	1996	0.05	100.30	100.07	Over 6-month Limean. Callable at par in 1991. Fees 0.20%. Denominations DM10,000.
	DM750	1998	libor	100	99.80	Interest pegged to 6-month Euromark rate. Callable at par after 1991. Fees 0.20%. Denominations DM10,000.
…UPON						
…lectric	$100	1993	8⅛	101⅝	99.13	Noncallable. Fees 1⅞%.
…nnois	$100	1993	7¾	100¾	98.88	Noncallable. Fully payable on Aug. 1986. Fees 1⅞%.
…nnois	$100	1993	7¾	101⅛	99.88	Noncallable. In partly-paid form. Fees 1⅞%.
…ank	$110	1998	8	100¼	97.38	Noncallable. Fees 2⅛%.
…ce Corp.	$150	1989	8	101	99.50	Noncallable. Fees 1⅝%. Increased from $50 million.
…inance	$100	1989	3	100⅜	—	Redemption amount at maturity will be linked to the NYSE composite index. If index rises above 166, the bigger the redemption amount at above par. Fees 1⅝%.
…ank of	$150	1993	8	101¼	99.88	Noncallable. Fees 1⅞%.
…sing Corp.	$ 50	1996	8¼	101⅜	98.88	Noncallable. Fees 2%.
…Credit …pan	$100	1991	8	100½	98.88	Noncallable. Fees 1⅞%.
…Leicester …ciety	£75	1991	9½	100¼	97.88	Noncallable. Fees 1⅝%.
…k	DM500	1996	6	99¼	98.65	Noncallable. Fees 1⅝%.
…re …des …ues	FF750	1993	8¼	100	98.13	Noncallable. Fees 1⅝%.
…en County	DK180	1993	9¼	100	97.88	Noncallable. Fees 1⅝%.
	DK500	1991	8⅝	99¾	96.38	Noncallable. Fees 1⅝%.
…Corp.	ECU 49.45	1995	8	100½	96.00	Noncallable. Fees 2%. Issue tied to a swap transaction.
…Canada	C$ 35	1991	10	101	99.00	Noncallable. Fees 1⅝%.
…land	C$100	2001	10	100	98.00	Callable and redeemable at par after 1996 when new terms may be set. Fees 2%.
…i	Y10,000	1991	8	101½	—	Noncallable. Redeemable in yen at maturity with redemption amount linked to dollar/yen exchange rate. Fees 1⅝%.
	Y25,000	1991	5½	101	99.13	Noncallable. Fees 1⅝%. Increased from Y20 billion.
…NKED						
…s	$100	1991	2¾	100	99.75	Noncallable. Each $5,000 note with one warrant exercisable into 1,323 shares. Fees 2⅛%.
	$ 30	1991	2⅝	100	98.00	Noncallable. Warrants exercisable into 1,118 shares at 162.20 yen each. Fees 2⅛%.
	$ 25	2001	open	100	99.00	Coupon indicated at 6¼%-6¾%. Redeemable in 1991 to yield 8-8½%. Callable at 106 after 30 days. Convertible at an expected 25% premium above share price. Fees 3%. Terms to be set July 7.
…n …tical	$ 40	1991	2¾	100	—	Noncallable. Each $5,000 note with one warrant exercisable into 3,220 shares. Fees 2⅛%.
…n …tical	$ 20	1991	2¾	100	—	Noncallable. Each $5,000 note with one warrant exercisable into 3,220 shares. Fees 2⅛%. Issued in Asia.
…tical	$ 35	1991	2⅝	100	99.50	Noncallable. Each $5,000 note with one warrant exercisable into 994 shares. Fees 2⅛%.
…emical	$ 40	1991	open	100	98.50	Coupon indicated at 2⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set July 10.
…rucible	$ 20	1991	9¼	116.70	—	Also $4.462 million detachable warrants exchangeable into company's shares at £3.01 each. Fees 2⅛%.
…ra	$ 60	1991	2⅝	100	97.50	Noncallable. Each $5,000 note with one warrant exercisable into 900 shares. Fees 2⅛%.
…ailroad	$130	1991	open	100	99.25	Coupon indicated at 2⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set July 29.
…Guardian	$ 40	2001	open	100	—	Coupon indicated at 7%-7½%. Callable at 130% after 1989. Convertible at an expected 15% to 20% premium. Fees 2½%. Terms to be set July 14.
…hemi-Con	$ 50	1991	2⅝	100	96.00	Noncallable. Each $5,000 note with one warrant exercisable into 961 shares at 166 yen each. Fees 2⅛%.
…lectric	$ 25	1991	open	100	99.25	Coupon indicated at 2⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set July 9.
…arf & …se	$ 20	1991	2⅝	100	98.50	Noncallable. Each $5,000 note with one warrant exercisable into 675 shares at 163.80 yen each. Fees 2⅛%.
	$ 20	2001	3	100	—	Callable at 104 in 1991. Redeemable at 117 in 1991. Convertible from 1991 at an expected 55% premium. Fees 2½%. Terms to be set July 7.
…ited …s Capital	£46	2001	7½	100	102.50	Callable at par after 30 days and callable before 1991 only if share price is 120% of conversion price. Redeemable at par in 1991 for a 9% yield. Convertible at 474 pence per share. Fees 2½%. Increased from £42 million.
…pruengli	DM 60	1993	2	100	—	Each 3,000-mark note with one warrant exercisable into one bearer participation certificate at 2,300 Swiss francs each. Fees 2⅛%.
…i Chemical	DM300	1993	open	100	—	Coupon indicated at 1¼%. Noncallable. Each 5,000-mark note with one seven-year warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set July 11.
…ook	DM 45	1991	open	100	—	Coupon indicated at 1¼%. Each 5,000-mark note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set July 9.
…iliare Int'l	ECU 20	1993	4	100	100.00	Callable at 103 in 1989. Convertible into 5,265 Lire per share at 5.30% premium. Fees 2½%.
…Bank Corp.	ECU100	1996	4	100	106.50	Callable if Pargesa Switzerland reduces holdings in Pargesa Netherlands to less than 51%. Each 5,000-ecu note with one warrant exercisable into Pargesa Bank Corp. shares at 2,240 Swiss francs each. Fees 2⅛%. Increased from ECU80 million.
…NTS						
…inance	0.20	—	3 mos	DM30	—	Warrants exercisable to buy DM200 million of 6⅝% noncallable bonds due 1996 at par.

Decline in Volume and Terms Boosts Greek Loan

By Carl Gewirtz

International Herald Tribune

PARIS — The decline in both the volume of syndicated bank credits and the terms they bear has made a great success of the Bank of Greece's effort to raise $50 million in the international credit market.

The response has been so favorable that the size of the operation could almost be tripled if the Greeks decide to take all the money that lenders have indicated they would be willing to lend.

The timing has been especially fortuitous. The volume of syndicated loans arranged in the first six months, the Organization for Economic Cooperation and Development reported, is only $18.3 billion, the lowest since 1977, and much of the business being done is simply a replacement of more expensive existing debt with lower-cost money.

Even countries that are borrowing new money, such as South Korea and Czechoslovakia, do so at terms lower than they had paid previously. Thus, although Greece has its share of economic problems, lenders find the terms, which are

INTERNATIONAL CREDIT

unchanged from previous operations, irresistible.

The Greeks are also delighted, especially as the cost of money, thanks to a swap arranged by Bankers Trust, is a lot less than it appears to be.

Interest on the five-year loan is set at ⅜ point over the London interbank offered rate with front-end fees of ⅜ percent. However, Bankers Trust has sold for Greece a one-year option to lenders to convert the debt into Deutsche marks. Sources report that the income from selling the option effectively reduces the overall cost of the borrowing by around 30 basis points, to about 45 basis points over Libor.

The Greeks are said to be "indifferent" to the exchange risk of DM debt and eager to diversify away from the preponderance of dollars in their foreign-debt load. More important, there is no other way Greece could achieve such a low borrowing cost. In addition to the lower cost, Greece has also been able to raise money without having to offer lenders, as in the past, an option to price the loan over the more expensive prime rate of U.S. banks.

The central bank of Turkey is replacing a one-year bankers' acceptance facility arranged last January for a new one-year revolving underwriting facility of an identical amount, $125 million. Under the new arrangement, Turkey has the option of issuing commercial paper, which will be guaranteed by Fuji Bank.

Underwriters earn a facility fee of ½ percent and if Turkey borrows from the banks, they will be paid ¼ point over Libor. Front-end fees range up to 30 basis points. Putting all this together, if the Turks draw fully from the banks, they will earn 1.05 points over Libor.

CdF Chimie, a unit of Charbonnages de France, is in the market for $100 million for five years. This is divided into two equal portions. Interest on the first portion is set at ¼ point over Libor and on the second half, 3/16 over Libor. The company will pay a commitment fee of ⅛ percent if less than half the loan is drawn. The loan will not carry an explicit guarantee of CdF, nor of France.

Sparebanken Vest, a Norwegian savings bank, announced plans to sell up to $100 million in the Eurocommercial paper market. Sparebanken is also arranging a $35-million, five-year credit facility. It will pay an annual fee of 10 basis points and to draw on this loan it will pay 15 basis points over Libor. If drawings exceed more than two-thirds of the total, Sparebanken will pay a utilization fee of 12½ basis points. Front-end fees also total 12½ basis points.

General Instrument Corp. has arranged a $100-million, five-year facility against which it may issue short-term paper. The company will pay an annual facility fee of 15 basis points and no more than 40 basis points over Libor to borrow from the banks underwriting the facility. It will pay a utilization fee of 2½ basis points for drawing up to two-thirds of the total from underwriters and a fee of 5 basis points if it draws on them for more than that.

Halifax Building Society, the largest in Britain, is seeking a five-year revolving credit of £200 million. It will pay 5 basis points over Libor to borrow and pay lenders 10 basis points to cover their cost of setting aside reserves. Thus, its net cost is 15 basis points over Libor. If the money is not drawn, Halifax will pay a commitment fee of 1/16 percent.

Woolwich Building Society is seeking a three-year credit of £50 million on which it will pay a margin of 12½ basis points over Libor, which will also be increased by a payment to lenders to cover their cost of reserves.

In the commercial paper market, Shearson Lehman Brothers has announced plans to issue up to $500 million of securities, Österreichische Länderbank AG will offer up to $300 million through Morgan Guaranty, Landesbank of Stuttgart up to $100 million through Deutsche Bank and Union Bank of Switzerland, and Scandinavian Bank Ltd. up to $200 million through Merrill Lynch.

General Motors Acceptance Corp., which intends to issue up to $2 billion of short-term securities, sold on average $50 million each day last week, bringing the total sold so far to just over $300 million.

EUROBONDS: *U.S. Rate Concerns Unsettle Market*

(Continued from first finance page)

the paper was trading at a spread of 93 basis points over the Treasury curve.

This made all the more surprising the terms on the $200-million offering from Crédit Lyonnais. The seven-year offering is split in two equal parts with identical coupons of 7¾ percent. Half is a normal issue, priced at 100¾ to yield 60 basis points over the U.S. Treasury yield curve.

The other half is a partially paid issue, with 16¼ percent of the purchase price to be put up on Aug. 20 and the final 85 percent on Aug. 20, 1987. This portion is priced at 101⅛, yielding something like 54 basis points over the Treasury level.

The higher pricing on the partially-paid portion reflects the attraction this is expected to have for nondollar investors who expect to be able to buy the balance of the dollars needed to pay for the bonds with less of their local currency next year in anticipation of a further depreciation of the dollar.

Lead manager Morgan Stanley said the partially paid issue, quoted at a discount of only 1⅜ points, was sold out. Both the statement and the price was viewed skeptically by other professionals, who say they see no demand for partially paid issues and that existing issues can be picked up in the secondary market at spreads over the Treasury curve almost double that of Crédit Lyonnais.

Ditto for the fully paid portion, which was quoted at a discount of 1⅞ points. French government guaranteed paper — Crédit Lyonnais is owned by France, but does not carry its guarantee — can be picked up in the secondary market for yields of up to 100 basis points over U.S. yields so critics saw no appeal in the terms offered on this paper.

There was very little demand in the nondollar segments of the market. The World Bank's 500 million DM of 10-year bonds, priced at 99¼ with a coupon of 6 percent, ended the week down ⅝ point. Bankers said the good reception of positive tone of the market raised the likelihood that bankers would again test the market with issues bearing coupons below 6 percent.

Michelin's 750-million-French franc issue, bearing a coupon of 8¼ percent for seven years, was deemed to be fairly priced and traded at a discount of 1¾ points, just inside the 1⅞-percent fees paid to underwriters.

Not so for the two Danish krone issues marketed for Copenhagen County and Denmark. Investors wanting to diversify into that currency can pick up much better yields buying domestic bonds.

One of the week's biggest disasters was U.S. Steel's 49.45 million European currency units. The nine-year paper, priced at 100½ with a coupon of 8 percent, ended the week down 3¼ points. The ECU market is still one where retail clients are the dominant force and for whom U.S. corporate names, particularly one linked with such a sick industry, are unattractive.

In the Euroyen market, Postipankki of Finland offered 10 billion yen of five-year bonds whose redemption value is linked to both the yen-dollar exchange rate and the coupon level of domestic yen bonds issued by banks.

If at redemption the domestic bond rate is 3 percent (it is 5.5 percent now) and the spot exchange rate is 100 yen (currently 161.20), holders would be earn a capital gain of 22½ percent. The same domestic coupon rate but a spot exchange rate of 180 yen per dollar would result in a 1½-percent discount at redemption.

New Japan Securities, making its debut as a lead manager with this offering, said the paper appealed to Far East investors. Postipankki has privately arranged swaps to eliminate its risk to repaying more than it borrowed and to convert the proceeds into dollars.

Elsewhere, investors who had been attracted to the high nominal yields of some 14 percent on Australian dollar Eurobonds learned the hard way that way you see may not be what you receive. The dollar has been on a downtrend, and that accelerated last week when the government announced tax changes aimed at stemming the overseas borrowing by Australian entities.

That resulted in a further decline of the currency. For investors in West Germany and Holland, this put the exchange rate down about 20 percent from a year ago — meaning they have lost more than one year's interest income because of the decline in the exchange rate.

Issues with equity warrants remained in good demand although investors are becoming more discriminating and taking a harder look at what is offered than they did earlier this year. Last week, Volkswagen announced that it planned to issue $150 million of equity linked Eurobonds.

GROWTH: *Slowdown in U.S.*

(Continued from first finance page)

activity, but its importance has diminished as the industrial sector's share of the nation's economy has declined.

"Some parts of it, such as employment figures, don't mean as much in today's economy because small business is providing most of the new jobs," said Samuel Nakagama, an economist with Nakagama & Wallace here.

"Structural changes in the economy are making it harder to interpret lots of figures," he said.

The purchasers' employment figures took a sharp turn for the worse in June, with the number of purchasers reporting employment declines at 22 percent, now double the 11 percent reporting increases.

Other, more reliable indicators, also suggested that the economy slowed in June. Some 27 percent of the purchasers reported increased new orders, the lowest total this year, while 19 percent, the highest total this year, said that new orders declined. They also reported speedier deliveries by vendors, which is generally a sign of declining order backlogs and a weakening economy.

The survey also produced disquieting responses about inflation. For the first time in more than a year and a half, the number of purchasing managers who encountered price increases, 12 percent, surpassed those who enjoyed price cuts, 10 percent. The 10 percent who said that prices had fallen was the lowest since November, 1984.

In addition, while nearly half said that the decline in oil prices had fed through into price cuts in other products, 69 percent said that they did not expect to see lower oil prices leading to further price decreases.

The one product said to be in short supply by the survey was titanium dioxide, a whitening pigment used in coatings and industrial applications. Fuel oil was reported to be lower in price for the sixth month in a row. Prices also fell for plastic resins, but rose for corrugated shipping containers.

The purchasers survey is expected to reinforce growing doubts that the economy will grow as strongly in the second half of this year as the Reagan administration and many economists once believed.

U.S. Consumer Rates

For Week Ended July 4

Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	7.51 %
Money Market Funds Donoghue's 7-Day Average	6.38 %
Bank Money Market Accounts Bank Rate Monitor Index	6.20 %
Home Mortgage FHLB average	10.46 %

Bank Executives Arrested in Japan

The Associated Press

TOKYO — The former president and four other former executives of Heiwa Sogo Bank Ltd. were arrested Sunday on charges of breach of trust in connection with bad debts totaling 11.62 billion yen ($72 million), a bank official said.

The official, Mitsuo Takura, said the former president, Takashi Inaida, 61, and the other executives resigned in February when bad debts were discovered in a Finance Ministry inspection.

Newspaper reports said a realty company president and the president of a political and business information service company also were arrested. Heiwa Sogo, one of Japan's leading mutual loans and savings banks, announced last month it was merging with Sumitomo Bank Ltd. because of problem loans.

Ford Increases Auto Prices

The Associated Press

DETROIT — Ford Motor Co. raised Friday its car prices by an average of 2.9 percent but announced new buyer incentives, including loans at 6.9-percent to 9.9-percent interest or cash bonuses of up to $600.

Last Week's AMEX

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Wickes	45148	6⅛	5¾	6	+ ⅛
BAT	24927	6⅞	6¼	6½	+ ¼
LorTel n	15431	31½	29¼	29¾	—1⅞
WangB	15323	16	14⅝	15	— ⅛
FAusP n	14342	8¾	8⅛	8½	— ½
MacGrg	12400	20	14½	17⅛	+3½
HrpHar	10688	14	12⅝	13¾	— ¼
AM Intl	10188	7¼	6⅞	6⅞	— ½
SFN pfA	8067	8	7⅝	7⅝	+ ¼
Holmi	7512	5	4¼	5	+ ⅝
PhilLD	5871	7¼	6	7¼	+1⅜
Unicorp	5680	14⅝	13½	14⅝	+1⅛
Ultmte	5572	28⅝	26	28⅛	+1¼
BergBr	5478	26	23⅝	24⅝	+1⅜
IntBknt	5436	10	9½	9⅞	+ ⅛
HmeG n	5299	27⅛	26	26¼	
Sound A	5291	12⅝	12¼	12¼	+1⅞
Amdahl	5183	18⅝	17¾	18	+ ½
Delmed	5080	1⅝	1⅛	1⅛	— ¼
TIE	4958	6¼	5⅝	5⅝	+ ¼
Hasbro	4770	58¼	57	58	
TexAir	4727	35½	32⅝	34⅛	+1¼
Forty pf	3943	23⅝	22⅞	23⅛	— ⅛
SupCre	3794	3⅛	2⅞	3⅛	+ ⅛
Greenm	3765	25⅜	22¼	22⅝	— ¼

AMEX Sales

	Sales Vol.
Total for week	46,758,000
Week ago	63,170,000
Year ago	23,948,000
Jan 1 to date	1,478,160,000
1985 to date	1,459,870,000
AMERICAN BONDS =	
Total for week	11,200,000
Year ago	7,440,000

AMEX Diaries

	This Wk	Last Wk
Advanced	414	384
Declined	354	384
Unchanged	153	160
Total issues	921	928
New Highs	78	97
New Lows	22	48

…E OF MAN: *Emerging Offshore Financial Center*

…ed from first finance page)

…me people, the word "off… …neans "shady." The Cay… …nds, a British possession in …bbean, has gained notori… suspicions that it has be… …aven for U.S. drug profits. …sle of Man government is …to discourage these associ…

…ilure here of the Savings & …nt Bank in 1982, with a …bout £42 million, brought …intment of a banking su… And efforts to keep out …r activity are generally re…s rigorous.

…ill, Mr. Webster conceded, …think anyone can guaran… there is no tainted money …rea," because the origin of …ce of funds is difficult to

…me kinds of concerns ap… …e ship-management area. …ore, chief executive officer …le of Man Harbor Board, does not want the Isle of Man to be seen as a "flag of convenience."

"We haven't, as some countries have done, advertised the Isle of Man as a place to come and register ships," he said. "We register ships if they are of the appropriate standard and if we've got the means of enforcing them."

Listed vessels are subject to inspection every five years, with owners liable for travel costs. Ships also must be managed from the island, a requirement that has given a foothold here to outside shipping managers.

"This is not a brass-plate operation," Mr. Moore said. "It has to be … fide, a genuine, management operation."

Robert Speedie, general manager of the Douglas office of the Glasgow-based ship management company of Denholm's, listed the local attractions: "It's an offshore base convenient to the U.K., good communications links, good local facilities."

"All the international conventions have been ratified," he said. "It's on a par with every shipping nation."

Hong Kong's Exports Rose 1% in Quarter

Agence France-Presse

HONG KONG — Hong Kong's exports grew by 1 percent in the first quarter of 1986 against the same period last year, according to official statistics.

Domestic exports, those of goods produced in Hong Kong, grew 5 percent in the quarter to 40.49 billion Hong Kong dollars ($5.18 billion), after a yearlong slump. But re-exports, those of substantially unchanged imported goods, declined by 4 percent to 33.56 billion dollars, the statistics, released Saturday, showed.

This announcement appears as a matter of record only.

FF 350,000,000

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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Continued on next page)

ADMARCO

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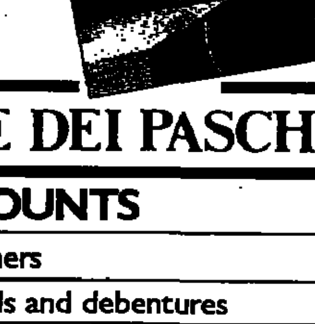

MONTE DEI PASCHI DI SIENA

1985 ACCOUNTS	Lit. BN	Variation over 1984
Due to customers	18,577	+ 17.44%
Mortgage bonds and debentures	2,508	+ 9.71%
Net worth and allowances for possible credit losses	2,887	+ 29.22%
Total sources of funds	39,421	+ 13.58%
Loans and advances to customers	11,101	+ 18.30%
Security holdings	10,263	– 11.63%
Net income for the year	179	+193.01%

MONTE DEI PASCHI DI SIENA
MPS
BANK ESTABLISHED 1472

The MPS Banking Group is composed of Monte dei Paschi di Siena, Banca Toscana, Credito Commerciale, Credito Lombardo and Italian International Bank PLC. The total sources of funds at year end 1985 amounted to approximately Lit. 51,000 billion, the net worth was Lit. 4,535 billion.

American Exchange Options

Figures as of close of trading Friday.

Option & price	Calls		Puts	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume [illegible]

Open interest [illegible]

r—Not traded. s—No option offered.

هكذا من الأصل

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]				

L M N O P Q R S T U V W X Y Z

[illegible]

Last Week's NYSE

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
BellSou	132249	63¾	61¼	61½	+¼
IIIPowr	112444	27¾	25⅝	26¾	+½
ITT Cp	82010	59½	51⅞	58⅝	+6⅛
AsdDGs	64991	66⅛	65½	66⅛	+⅛
Sandr	64982	55⅜	50	55⅛	+4¾
UCarb s	64090	24⅛	21⅜	24⅛	+2⅜
PanhEC	58046	50	46½	48½	
AetnLf	53735	62½	60⅛	61⅛	+⅝
IBM	52924	150⅛	146¼	149	+2
CocaCl s	48675	44⅜	40⅛	43½	+3
Schimb	44140	34⅜	33½	34⅛	+¾
AT&T	44125	25⅝	25	25	—⅛
PepsiC s	43589	35⅝	33¼	35	+1¼
BaxtTr	43344	18⅝	17¾	18¼	—¾
SCalEd	42851	31¾	30⅛	31⅜	—½
PSInd	39428	13½	11⅞	13½	+1½
MidRos	38241	28⅝	20⅛	28	+7¾
PhilaEl	35327	20⅛	19⅝	20¼	—⅛
USSteel	33356	21⅛	20⅞	20⅝	—⅛
Motorla	33145	40⅛	37⅛	37⅛	—2¾
Burrgh	32578	72¾	68⅝	71⅝	+11
Safewy	31079	54⅝	51⅞	54⅝	+3⅞
Chrys s	29897	39	37⅛	37⅞	+¼
Sears	28889	49⅛	47⅞	48⅛	—⅜
RJR Nb	28357	55⅛	51½	54⅛	+⅞

NYSE Sales

	Sales Vol.
Total for week	541,060,000
Week ago	484,049,000
Year ago	348,000,000
Two years ago	271,148,000
Jan 1 to date	17,948,583,781
1985 to date	13,775,820,000
1984 to date	11,678,320,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1177	1263
Declined	756	725
Unchanged	247	202
Total Issues	2180	2190
New Highs	324	277
New Lows	46	57

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When in Washington, DC meet me at Blackie's House of Beef. Adjacent to the Washington Marriott. OUR 40th YEAR.

WORLD STOCKS IN REVIEW

IN THE IHT EVERY MONDAY. A CONCISE OVERVIEW OF TRADING ON MAJOR WORLD STOCK MARKETS DURING THE PREVIOUS WEEK AND A LOOK AT LIKELY DEVELOPMENTS AHEAD. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS —WORLDWIDE

...sury Bills

...of close of trading Friday

Lo Mat	Bid	Ask	Yld	Chg
10 86	5.73	5.65	5.73	—.27
17 86	5.73	5.65	5.74	—.27
24 86	5.83	5.77	5.87	—.06
31 86	5.65	5.59	5.69	—.13
07 86	5.80	5.76	5.87	—.14
14 86	5.83	5.77	5.89	—.11
21 86	5.91	5.87	5.99	—.08
28 86	5.88	5.86	5.99	—.10
04 86	5.91	5.85	5.99	—.09
11 86	5.87	5.83	5.99	—.15
18 86	5.90	5.86	6.01	—.09
25 86	5.97	5.95	6.09	
02 86	5.91	5.89	6.06	—.09
09 86	5.91	5.87	6.04	—.09
16 86	5.93	5.87	6.05	—.08
23 86	5.92	5.89	6.08	—.08
30 86	5.92	5.88	6.07	—.08
06 86	5.93	5.89	6.09	—.09
13 86	5.93	5.89	6.10	—.10
20 86	5.93	5.89	6.11	—.11
28 86	5.93	5.89	6.11	—.10
04 86	5.89	5.87	6.10	—.11
11 86	5.91	5.87	6.11	—.10
18 86	5.91	5.87	6.14	—.09
26 86	5.83	5.79	6.04	—.08
02 87	5.85	5.83	6.09	—.10
22 87	5.89	5.85	6.11	—.09
19 87	6.02	6.00	6.28	
19 87	5.90	5.86	6.14	—.12
14 87	5.93	5.89	6.19	—.13
14 87	5.93	5.89	6.21	—.11
11 87	5.89	5.87	6.21	—.11

...Viking Resources International N.V.

N.A.V. as at 30-6-86 $35.43

...ORMATION: ...ldring & Pierson N.V., ...cht 214, Amsterdam.

...S.A./O.T.C. QUOTATIONS

	BID	ASK
...	4	4¾
...dings	3	3⅛
	12	12½
...	7¾	8
	7¼	7½

...H COMPLIMENTS OF ...NTINENTAL AMERICAN ...s are as of July 3, 1986

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First Interstate Capital Markets Limited

Chicago Exchange Options

Figures as of close of trading Friday.

Option & price	Calls			Puts		
[illegible]						

Total volume 397,487

Interest 5,714,789

r—Not traded. s—None offered. o—Old.

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

AMSTERDAM — The market recovered from a slow start last week to close at record highs.

The general index finished at a record 292.6, against the previous week's close of 291.5. Total volume, including bonds, came to 3.77 billion guilders, up from 3.65 billion a week earlier. Stocks accounted for 2.51 billion guilders, up from 2.24 billion the previous week.

Royal Dutch, hit by the oil crisis and the weak dollar, was especially under pressure. Unilever was in great demand, reaching a high for the year on Friday of 501 guilders, against 484.50 guilders the previous week. In the beverage sector, Heineken and Bols profited from continuing good weather to finish considerably higher over the week.

Frankfurt

FRANKFURT — Prices tumbled every day last week except Wednesday, with a 2-percent fall on Friday sending several issues to their lowest level for a year.

The Commerzbank index ended the week at 1,867.4, against 1,951.6 a week earlier. Volume totaled 1.90 billion Deutsche marks, up from the previous week's 1.89 billion.

Lufthansa shares fared most poorly, with a 15.3-percent drop in value. Auto shares also suffered, with Volkswagen losing 11.8 percent, Daimler-Benz 7.6 percent and BMW 4.8 percent. In chemicals, BASF, Bayer and Hoechst lost 3.7 to 5.5 percent.

Hong Kong

HONG KONG — The stock market was unable to shake off its lackluster mood last week and dealers said it was likely to stay sluggish in the short term.

The Hang Seng index edged up 5.58 points over the week to close at 1,756.76 on Friday, while the new Hong Kong index moved up 3.55 points to finish the week at 1,096.75.

Trading was mostly dull. Most traders were not convinced that the market had bottomed out. The lack of buying interest led to a light average daily turnover of 260 million Hong Kong dollars, down from last week's average of 266.95 million dollars.

London

LONDON — Initial gains on the stock market prompted by Wall Street's record surge early last week were not maintained, with disappointing figures from GEC and Trust House Forte depressing prices further.

The Financial Times industrial share index nevertheless managed a small gain on the week, closing up 2.1 points at 1,356.5. Volume rose to 122,429 transactions from 121,895 the previous week.

The poor showing by a market newcomer, Morgan Grenfell, on Thursday, in contrast to the sparkling debut of Thames TV the day before, also dampened enthusiasm.

Oil shares eased after the inconclusive meeting of the Organization of Petroleum Exporting Countries, while hotels were hit by THF's poor figures. Mail-order companies were boosted by news of the proposed merger between Next and Grattan.

Milan

MILAN — Stock prices rallied despite the continuing political crisis last week.

The Comit index rose 6.8 percent over the previous week to end Friday at 672.20, but trading was slower. More uncertainty appeared at the end of the week amid new political worries.

Fiat, Montedison and Olivetti were the biggest gainers, but only 120 million shares changed hands in total, about 200,000 down on the pre-crisis period in mid-June.

Paris

PARIS — Shares recovered last week, with investors eagerly recycling dividend payments after Wall Street's record-breaking performances on Monday, Tuesday and Wednesday.

The CAC index closed the week at 372.0 points, up from the previous week's 355.1.

Investors, buoyed by New York's optimism of a cut in U.S. interest rates, were also encouraged by a series of favorable economic predictions and the pledge by Prime Minister Jacques Chirac that all exchange controls would be lifted within a few weeks.

Foreign investors gradually returned to the market after weeks of inactivity.

The value of shares traded came to 34.65 billion francs, compared with 39.86 billion the previous week. Peugeot, Lesieur, Moët-Hennessy and Navigation Mixte drew most interest.

Singapore

SINGAPORE — Last week started quietly, with profit-taking spilling over from the previous week.

The SES all-share index shed 6.33 points to 241.96 while the Straits Times industrial index lost 16.61 points to close the week at 735.73.

On Tuesday the market was active after unconfirmed news that SIA was going to relax its 20-percent limit on foreign ownership of its shares. The uncertain fate of the broking firm City Securities also caused some uneasiness.

The week's volume totaled 77 million shares, down from 160 million shares the previous week. The total value fell to 155 million Singapore dollars from 270 million previously.

Tokyo

TOKYO — Share prices maintained their rise, with the key market barometer hitting record highs twice, supported by individual investors.

The 225-blue chip Nikkei stock average finished at 17,597.73 yen on Friday for a 97.30 yen weekly gain. Trading was moderately active, with 726.7 million shares changing hands a day on average against the previous week's 865... million.

On Friday, export-oriented blue chips changed hands amid appreciation of the yen against the U.S. dollar. Oil stocks fared well throughout the week with Nippon Oil rising 100 yen to 1,290.

On Thursday, Tokyo became the fourth overseas exchange to list the world's largest fast-food company, McDonald's. It started trading at 12,400 yen and ended the day at 12,450 yen.

Zurich

ZURICH — Swiss shares made uncertain progress, while foreign stocks generally weakened last week.

The Société de Banque Suisse index ended the week narrowly up at 638.5, from the earlier week's close of 635.7

Banks were firm, especially Crédit Suisse, which gained ... points to 3,810. Electrowatt lost ... points to 3,425, while Oerlikon-Bührle bearer shares gained ... to 1,860. Insurance stocks were mixed, with Cie. de Réassurance nominal shares losing 50 to 6,... and Zurich gaining 50 to 3,250.

Sulzer dropped 25 points to 2,875, Nestlé gained 150 to 8,... and Hero lost 50 to 2,925. Ciba-Geigy lost 30 to 3,510.

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Herald Tribune

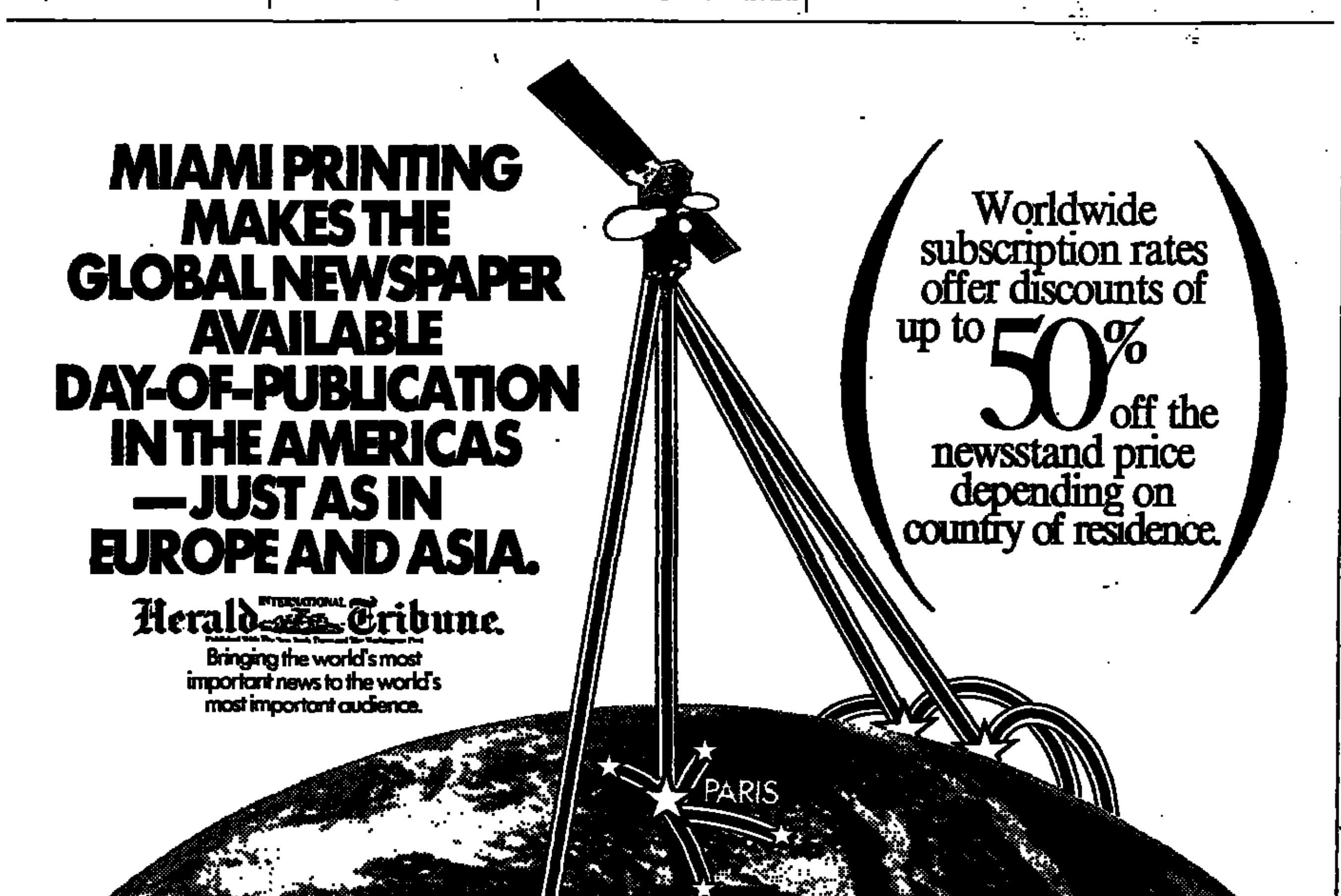
Mutual Funds

Figures as of close of trading Friday

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
[illegible]		

NL — No initial sales load. r — Redemption charge may apply. x — Ex dividend.



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Belgium	B.Fr.	10,700	5,800	3,200	Bangladesh	U.S.$	265	70
Denmark	D.Kr.	2,300	1,250	690	Brunei	B.$	420	112
Finland	F.M.	1,630	880	490	China	U.S.$	372	93
France	F.F.	1,400	760	420	Guam	U.S.$	210	52.50
Germany	D.M.	560	300	170	Hong Kong	H.K.$	1,085	330
Great Britain	£	120	65	36	India	U.S.$	290	83
Greece	Dr.	20,000	11,000	6,000	Indonesia	U.S.$	245	65
Netherlands	Fl.	634	340	190	Japan	U.S.$	406	106
Ireland	I.£	140	77	42	Korea	U.S.$	190	50
Italy	Lire	350,000	190,000	106,000	Malaysia	M.$	445	120
Luxembourg	L.Fr.	10,700	5,800	3,200	Nepal	U.S.$	243	64
Norway	N.Kr.	1,650	900	500	N. Zealand	U.S.$	310	78
Portugal	Esc.	19,000	10,400	5,700	Pakistan	U.S.$	262	75
Spain	Ptas.	26,500	14,400	8,000	Philippines	U.S.$	190	52
Sweden	S.Kr.	1,700	920	520	Singapore	S.D.$	420	120
Switzerland	S.Fr.	490	270	148	Sri Lanka	U.S.$	280	72
Rest of Europe, North Africa, former French Africa, Middle East	$	420	200	120	Taiwan	U.S.$	234	66
					Thailand	U.S.$	185	50
					Other Asian	U.S.$	250	65
Rest of Africa, Gulf States	$	580	300	165	U.S. Terr.	U.S.$	350	90

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Caribbean	U.S.$	297	164	85	Peru	U.S.$	372	186	94
Brazil	U.S.$	372	186	94	Venezuela	U.S.$	372	186	94
Chile	U.S.$	540	270	135	Guatemala	U.S.$	297	164	85

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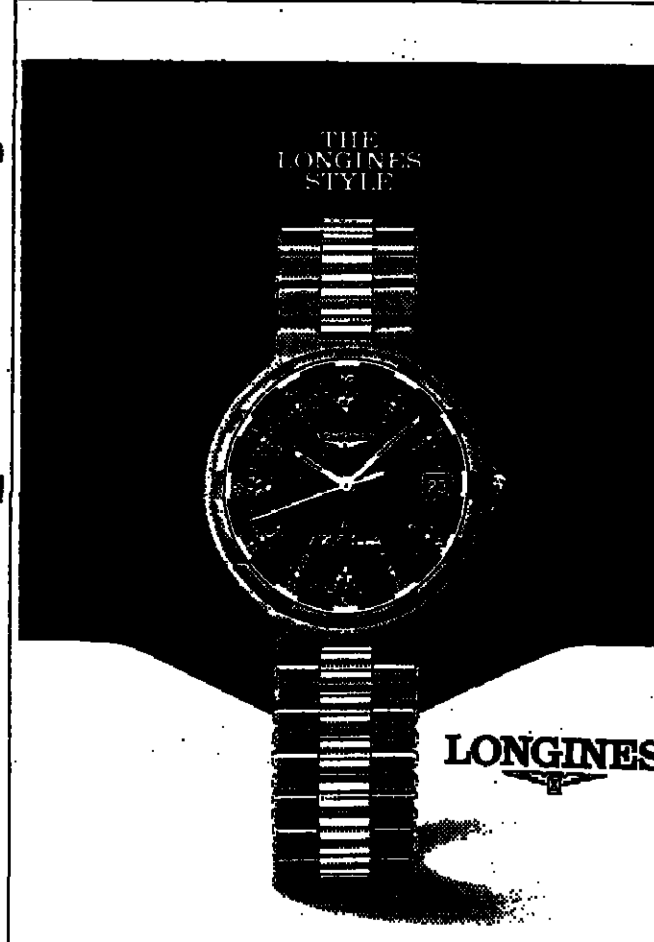

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...anese Fear Too Much Given Up in Chip Dispute

By Susan Chira
...ew York Times Service

...O — Concern is mounting ...Japan may be giving up too ...egotiations over U.S. allega... ...umping" of computer mem...

...ast week, U.S. and Japanese ...s have announced two provi... ...sements, but have not speci... ...ly what had been agreed ...emphasized that many dif... ...emained.

...e past year, the U.S. trade ...h Japan in semiconductors ...e a touchy political issue. ...niconductor manufacturers ...ed that Japanese companies ... selling chips at artificially ... while denying U.S. manu... ...ill access to Japan's $9 bil... ...r semiconductor market. ... makers have denied the ...

... of the provisional agree... ...ears to be that Japanese ... will submit information on ...nd prices to the Ministry of International Trade and Industry and the U.S. Department of Commerce so that the two government agencies can determine whether the makers are selling chips below the cost of manufacture, a practice known as dumping.

Trade Ministry officials said, however, that the two sides had not yet resolved their differences about market access and price monitoring.

With conflicting reports reaching Japan about the contents of the agreements, most semiconductor manufacturers had no official comment. But some manufacturers, industry analysts and commentators said they feared that the eventual agreement would contain concessions that would weaken the Japanese semiconductor industry's access to the U.S. market and raise prices for U.S. semiconductor buyers.

The analysts sounded a theme that is increasingly heard here: Japan has already made enough concessions to open its markets, and the United States is using its political clout to extract unfair agreements.

In an editorial the day after the two sides reached a provisional agreement on one type of chip, the erasable programmable read-only memory, the Asahi Shimbun newspaper said: "The United States side can get important strategic information such as production cost and sales prices from Japanese producers. On the other hand, Japan cannot get the inside information on the American semiconductor industry."

"We can't help but say that this agreement is extremely unfair. The United States side went too far to force upon Japan an agreement that would practically lead to the control of the Japanese semiconductor industry, even if there is protectionist pressure from Congress."

Nihon Keizai Shimbun, Japan's most influential economic daily, also criticized the course of the negotiations.

It said that the agreements reached so far would do little more than raise prices for semiconductor users and grant more leeway to competitors such as South Korea.

Seiji Igarashi, a spokesman for NEC Corp., a major semiconductor manufacturer that is one of those companies named in dumping suits filed by U.S. industry, said he could not comment on the details of the agreements because he did not know exactly what had been agreed to.

But he said that if final agreement was to be reached, users of semiconductors would probably increase purchases of less expensive chips from South Korea.

"I don't think this kind of agreement will end up helping the United States semiconductor industry," he said.

U.S. Agrees to Loan for Senegal

Agence France-Presse

DAKAR, Senegal — The United States has agreed to lend Senegal $4 million to purchase 20,000 metric tons of rice for resale to the country's consumers and has pledged a further $30 million for agricultural development.

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GRITE

OMENG

STEEWF

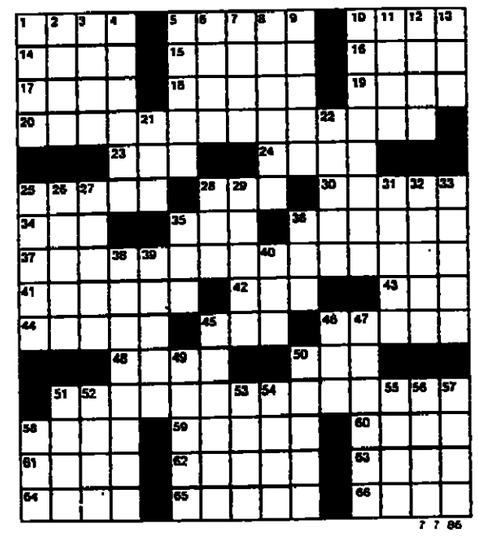
HISBUL

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: THE "_____" _____

(Answers tomorrow)

Thursday | Jumbles: CYCLE PUPIL HAUNCH MAYHEM
Answer: He'll never break his word in a love letter, except with this—A HYPHEN



ACROSS

1 Euphemistic oath
5 Took in a lecture
10 Supermarket line-up
14 Get one's dander up
15 —— Layden (Rockne "horseman")
16 Milky gem
17 Iraq foe
18 Black
19 Tax
20 He wrote "The Proper Bostonians"
23 U.S.N.A. grad
24 Early dwelling
25 Mother, in Madrid
28 Possessed
30 Jazz descendant
34 Suffix with percent
35 Golf term
36 Lariats
37 Actor in "From Here to Eternity"
41 Main course
42 Foot digit
43 Arikara
44 Gum or lac, e.g.
45 Harden, as cement
46 —— profundo
48 Barbarian
50 Impair
51 First Republican President
58 Former queen of Jordan
59 Celestial hunter
60 Capital of W. Samoa
61 Harvest
62 Feel
63 Many fathoms below
64 Interlock
65 Lawn tool
66 Terminates

DOWN

1 —— the Red
2 Cover——
3 Amor's wings
4 Actor in "Oh, God!"
5 Kick up one's——
6 Napoleon's exile site
7 Egyptian deity of reproduction
8 Torn apart
9 Wood nymph
10 —— Dames of America
11 Imitator
12 Shade of blue
13 Like the Artful Dodger
21 Chemical suffix
22 Mil. corpsman
25 See 11 Down
26 By oneself
27 Parking-lot problems
28 Sandwich meat
29 Mountain crest
31 Agitates
32 Barrooms
33 Bone: Comb. form
35 "The Raven" author
36 Cereal grass
38 Cluster of letters, like "sch"
39 N.W. Italian seaport
40 Decay
45 Was altruistic
46 Prohibit
47 Covered passageway
49 Plural of that
50 Coal digger, e.g.
51 Towards shelter
52 Prejudice
53 Kind of vase or dynasty
54 Fail to win
55 Not closed
56 Prevaricated
57 Dozes
58 Inlet

© New York Times, edited by Eugene Maleska.

...fee Grouping Prepares for Export Quotas

By David Axtell
Reuters

...N — Coffee exporting and ...countries belonging to the In... Coffee Organization, which ...e world market, are preparing ...ible reintroduction of export ...) delegates say.

...e terms of an agreement ad... ...by ICO, export quotas limit... ...roducer's share of the world ...l come back into force if cur... ...of around 150 cents a pound ...) fall to near 135 cents.

...weeklong meeting of the orga... ...executive board, the chairman, ...homas, said that he felt there ...dy possibility of fairly immi... ...oduction" of quotas and that ...g was starting to overhaul the ...ntrol procedures that would apply in a transitional period before quotas were brought back.

A spokesman for exporters within the ICO, Jorio Dauster of Brazil, referred to a board decision that a further meeting should be called if prices fall to near the 135-cent trigger level, barring an ICO decision to the contrary.

But he told journalists: "I and many other delegations do not expect the trigger will be reached in the near future."

Coffee export quotas, in force since 1980, were suspended in February because of an increase in prices after a Brazilian drought.

Since March, however, the coffee market has been on a downtrend as supplies have been at least adequate to meet demand.

Since the present method of allocating individual quotas among exporting members expires on Sept. 30, the ICO board last week had begun addressing the issue, delegates said.

Mr. Thomas said the board had not progressed as much as he would have wished, but talks over the quotas would continue at the ICO main annual session scheduled for Sept. 15-30.

"Of course this will be the priority item for September," he added.

ICO exporting countries account for more than 99 percent of world coffee exports and importing countries for just under 90 percent of imports.

Brazil, the world's largest coffee exporter, has already declared that it would be unwilling to diminish its 30-percent share of the overall total should quotas be reintroduced.

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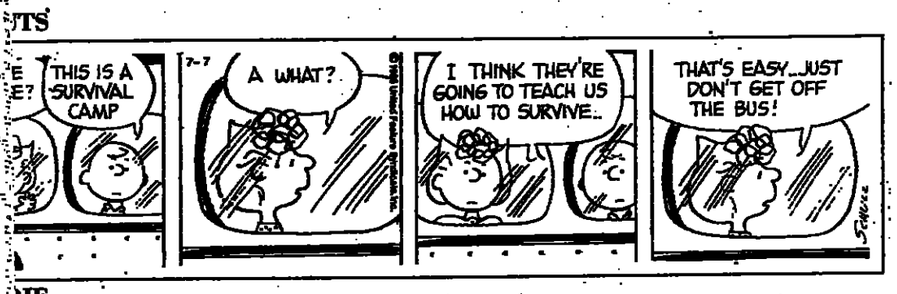

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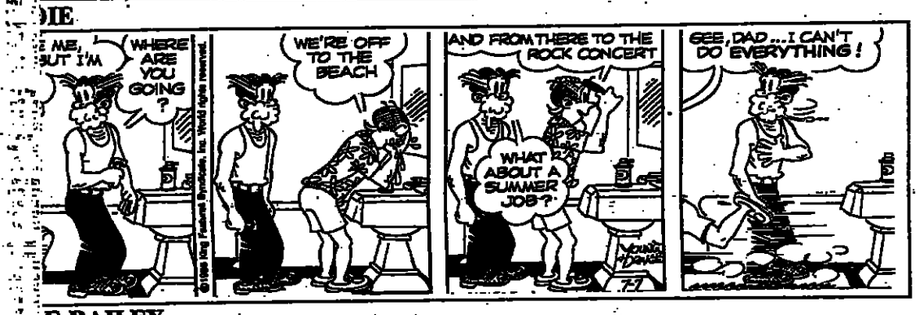

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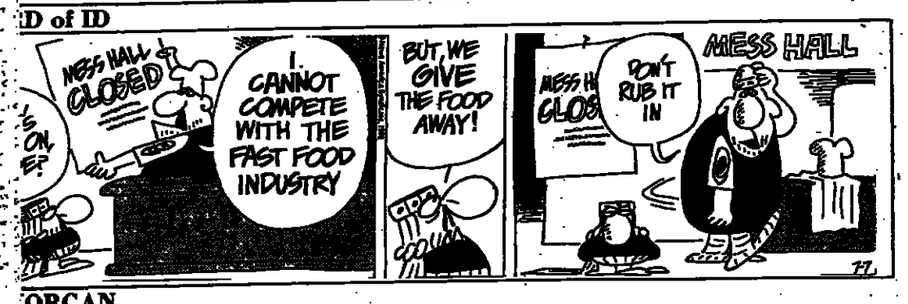

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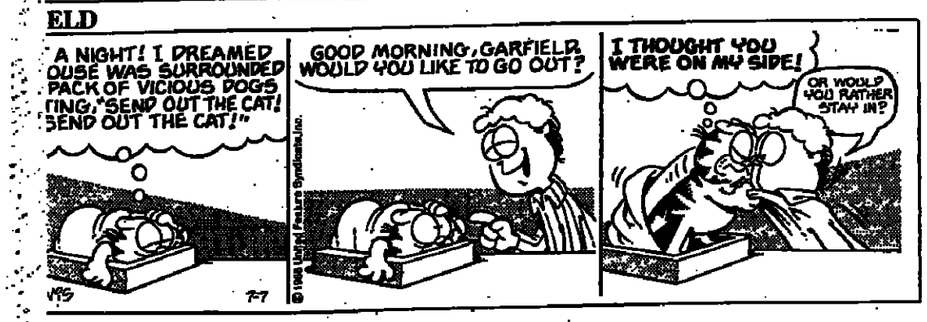

BOOKS

THE PASSION OF AYN RAND

By Barbara Branden. 442 pages. $19.95. Doubleday, 245 Park Avenue, New York, N. Y. 10167.

Reviewed by George Gilder

HER coffin bore a dollar sign six feet tall. Her first best seller celebrated a rape. Her masterwork bears a dedication naming both her husband and a lover 25 years her junior. Entirely dominant in her marriage, and the creator of some of literature's most forceful heroines, Ayn Rand fervently upheld a code of male supremacy and hero worship. A lifelong atheist and enemy of faith, she expressed a persistent belief in a "benevolent universe." Through a life fraught with contradictions, she denied the logical possibility of contradiction.

Her masterpiece, "Atlas Shrugged," an implacably intellectual work, was first roundly hated and condemned, and then obdurately ignored, by America's intelligentsia. The book was saved for posterity by the word of mouth of masses of mostly non-intellectual readers, who continue to buy her novels at the rate of about 300,000 copies a year.

Who was Ayn Rand? The answer emerges in a superb biography written with much of the sweep, drama and narrative momentum of the works of Rand herself and with the psychological insight and sensitivity that forever eluded her. The author, Barbara Branden, was Rand's closest friend for 19 years and the former wife of Nathaniel Branden, Rand's lover and leading apostle. Working with some 50 hours of biographical tapes, she achieves a remarkable balance of intimacy and objectivity.

Born Alice Rosenbaum in Petrograd in 1905, the daughter of a Jewish pharmacist, Rand lived through the early horror and chaos of the Bolshevik Revolution. Then through a series of dramatic events stirringly told by Branden, Rand made her way to the United States, which had served for her as a promised land ever since her first encounter with the movies of Cecil B. De Mille. After several months with relatives in Chicago, she traveled to Hollywood, where through a series of coincidences she was adopted as a protégé by De Mille. After a few years as a screenwriter, however, she found herself in an intellectual environment in which the Soviet charnel house was widely seen as the last great hope for humanity. She resolved to tell the world what she knew of the reality behind the famous dream. The result was a series of prophetic novels, manifestos, and the creation of a philosophy she called Objectivism.

She believed that socialism was evil and that the very essence of its evil was the suppression of individual heroism and creativity. Unlike other defenders of capitalism, she did not indulge the claims that it is somehow amoral and in a sense less idealistic than socialism. She believed that capitalism could not prevail unless its superior morality as well as its efficiency was recognized and acclaimed.

From her early struggles as a penniless immigrant with faltering English and hated views, to the long trials of "The Fountainhead" — rejected by 12 publishers, released in niggling printings of a few thousand, demolished by most critics" and on to the similar ordeal of "Atlas Shrugged," Rand's life story is a great saga. With the help of long quotes from Rand that at times give the book the feel of autobiography, Branden rises to the occasion of telling it.

Her work also dramatizes the flaws in Rand's philosophical scheme. Rand maintained that the belief in an irrational sex drive, unrelated to philosophical principles, was similar to the Marxist belief in the primacy of matter. Just as Rand asserted that the material achievements of entrepreneurs reflected a spiritual creativity akin to the greatest of artists, she contended that her desire for Nathaniel Branden reflected an exalted morality. When 10 years later — she was in her 60s, he in his 30s — he finally rejected her body, she took it as a philosophical betrayal. She rejected her leading apostle and protégé and began a bitter vendetta that lasted to the end of her life.

Rand's basic incomprehension of familial and sexual realities undermined all her life and works. Her all-consuming rationalism rejected all relationships that were not rationally chosen, all love that was not earned by virtue, all actions that were not motivated by self-interest and personal happiness. This philosophy collapses instantly in the context of a family, the personal fabric of every society and economy. Families depend on the acceptance of unchosen commitments and relationships.

In her novels, she simply avoids the problem by excluding families altogether. Although she exalts sexual pleasure to a virtually religious pinnacle, her heroes and heroines are all childless, copulating abstractions that give birth to rationalizations rather than babies. By excluding the domain of procreative sexuality, she misses the altruistic and unconditional love at the very core of the human experience. Missing this dimension of family life, she also misses the essential altruism, the orientation toward the needs of others, that is crucial to production for the marketplace. One of the great appeals of socialism to intellectuals is that it avoids the need to produce vulgar goods demanded by the masses. The planners decide what the people should need. The heroes of capitalism are not arrogant producers of goods immaculately conceived in their own minds; capitalists imaginatively serve the minds and needs of others.

George Gilder, author of "Wealth and Poverty," whose forthcoming books include an analysis of the computer and microchip industries and a revised edition of "Sexual Suicide," wrote this review for The Washington Post.

Paris's Jeu de Paume Museum to Close

The Associated Press

PARIS — The Jeu de Paume will close Aug. 18 to transfer its collection of Impressionist paintings to the new Musée d'Orsay, scheduled to open in December. After the paintings are removed, the Jeu de Paume will be the site of temporary exhibits, officials said.

Solution to Friday's Puzzle

D	A	M	E		E	L	L	I	S		S	H	E	S
A	N	A	S		M	A	I	Z	E		T	A	R	O
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		P	I	G	S		S	P	A	R	S	E	R	
A	S	P	I	R	E		S	W	A	T	S			
P	A	L	E			S	E	I	N	E		O	P	T
S	T	A	R	S	A	N	D	S	T	R	I	P	E	S
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O	B	E	L	I	S	K		I	L	E	X			
L	I	L	A	C			A	G	A	R		A	S	S
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N	E	E	D		N	O	R	S	E		P	A	G	E

7/5/88

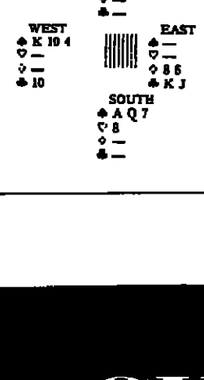
BRIDGE

By Alan Truscott

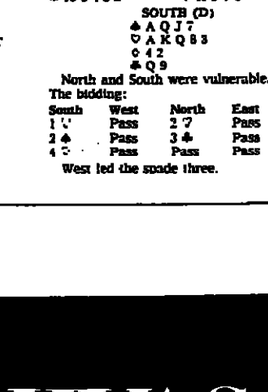
ON the diagramed deal, with the spades lying badly the contract appears doomed, but West gave South some help by leading a spade. More help was needed, and it was forthcoming.

The first trick was won with the spade jack, and the A-K of trumps were taken. A diamond was led from the closed hand, and West erred by playing low. Dummy's nine forced trump. He would have done better to return a diamond, aiming for a spade ruff.

South won and was now in control. He led his remaining diamond and West took the ace, but too late. When he shifted to a club, South put up the ace, threw his club queen on the diamond queen and ruffed a club. The ending was this:



South now led the spade queen, to the detriment of West.



North and South were vulnerable. The bidding:

South	West	North	East
1 ♡	Pass	2 ♡	Pass
2 ♠	Pass	3 ♣	Pass
4 ♡	Pass	Pass	Pass

West led the spade three.

DENNIS THE MENACE

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	31	88	22	72	fr
Amsterdam	19	66	14	57	sh
Athens	32	90	21	70	fr
Barcelona	30	86	23	68	fr
Belgrade	31	88	17	63	fr
Berlin	19	66	23	73	sh
Brussels	18	64	13	55	c
Bucharest	29	84	16	61	fr
Budapest	31	88	18	64	cl
Copenhagen	18	64	16	61	r
Costa Del Sol	34	93	20	68	fr
Dublin	15	59	11	52	c
Edinburgh	16	61	7	45	c
Florence	32	90	21	70	cl
Frankfurt	22	72	18	64	fr
Geneva	22	72	17	63	fr
Helsinki	19	66	14	57	c
Istanbul	28	79	20	68	cl
Las Palmas	24	75	19	66	fr
Lisbon	28	82	17	63	fr
London	20	68	13	55	cl
Madrid	35	95	22	72	fr
Milan	27	81	22	72	fr
Moscow	25	77	15	59	c
Munich	19	66	14	57	r
Nice	28	82	20	68	sh
Oslo	22	72	13	55	cl
Paris	19	66	14	57	sh
Prague	22	72	18	64	c
Reykjavik	13	55	4	39	cl
Rome	28	82	18	64	cl
Stockholm	17	63	14	57	r
Strasbourg	17	63	18	64	sh
Venice	28	82	20	68	cl
Vienna	31	88	20	68	cl
Warsaw	22	72	16	61	cl
Zurich	22	72	16	61	r

MIDDLE EAST					
Ankara	31	88	17	63	fr
Beirut	—	—	—	—	no
Damascus	—	—	—	—	no
Jerusalem	28	82	17	63	fr
Tel Aviv	29	84	29	84	fr

OCEANIA					
Auckland	13	55	11	52	fr
Sydney	16	61	10	50	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	29	84	23	73	r
Beijing	30	79	20	72	cl
Hong Kong	29	84	26	84	cl
Manila	32	90	29	84	cl
New Delhi	—	—	—	—	no
Seoul	28	82	21	70	fr
Shanghai	24	75	22	72	r
Singapore	31	88	26	82	sh
Taipei	34	93	24	75	c
Tokyo	28	82	24	75	c

AFRICA					
Algiers	36	97	18	64	fr
Cairo	34	93	21	70	fr
Cape Town	21	70	13	55	cl
Casablanca	24	75	19	66	c
Harare	29	84	7	45	fr
Lagos	24	75	24	75	r
Nairobi	29	84	19	66	fr
Tunis	34	93	20	68	fr

LATIN AMERICA					
Buenos Aires	10	50	3	37	c
Caracas	26	79	20	68	fr
Lima	17	63	15	59	c
Mexico City	32	90	15	77	pc
Rio de Janeiro	—	—	—	—	no

NORTH AMERICA					
Anchorage	19	66	9	48	pc
Atlanta	34	93	22	72	fr
Boston	24	75	22	68	fr
Chicago	35	95	22	72	fr
Denver	30	86	13	55	pc
Detroit	34	93	21	70	pc
Honolulu	31	88	24	75	fr
Houston	36	97	25	77	fr
Los Angeles	27	81	17	63	fr
Miami	32	90	25	77	pc
Minneapolis	29	84	20	72	cl
Montreal	31	88	21	70	cl
Nassau	31	88	24	75	pc
New York	34	93	24	75	pc
San Francisco	21	70	14	57	fr
Seattle	24	75	12	54	fr
Toronto	25	77	20	68	cl
Washington	35	95	24	75	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Cloudy. Temp. 20 — 16 (68 — 61). LONDON: Cloudy. Temp. 19 — 12 (66 — 54). MADRID: Fair. Temp. 35 — 21 (95 — 70). NEW YORK: Partly cloudy. Temp. 35 — 25 (95 — 77). PARIS: Cloudy. Temp. 20 — 13 (68 — 55). ROME: Cloudy. Temp. 27 — 16 (81 — 61). TEL AVIV: NA. ZURICH: Cloudy. Temp. 22 — 17 (72 — 63). BANGKOK: Stormy. Temp. 33 — 27 (91 — 81). HONG KONG: Fair. Temp. 32 — 28 (90 — 82). MANILA: Stormy. Temp. 32 — 25 (90 — 77). SEOUL: Foggy. Temp. 24 — 18 (75 — 64). SINGAPORE: Stormy. Temp. 31 — 27 (88 — 81). TOKYO: Rainy. Temp. 25 — 20 (77 — 68).

Judith Viorst in her 50s: Cutting Her 'Necessary Losses'

By Victoria Dawson
Washington Post Service

WASHINGTON — Judith Viorst, the woman with the bumper-sticker wit, once looked at the prospect of growing old and wrote: "I'd rather grow azaleas."

Now Viorst, who gave us "It's Hard to be Hip Over Thirty and Other Tragedies of Married Life" and "How Did I Get to Be Forty . . . And Other Atrocities," is, according to Who's Who, 55 — or, as she puts it, "in" her 50s.

"I moved into midlife with some struggle and feel very pleased with where I am," she said. "I sort of went through in my mind — 'What you lost: O.K. Muscle Tone, open-ended opportunities, being able to sleep through the night, your sense of invulnerability.'

"I thought about myself and most of the women I know and decided that we are not as self-centered as we used to be; we are not as self-pitying as we used to be; we are not as just plain dumb as we used to be. We know ourselves, including the dark side and the down side. We have a sense of humor about ourselves that isn't all 'Oh God, tragedy!'

"I think there is a lot that we have gained and, of course, I wouldn't have known that 20 years ago."

Twenty years ago Viorst would have thought, "Oh God, imagine what I am going to look like in a bathing suit!"

Why, since I've never had any intention
Of going out on the streets and selling my body,
Is it hard to be reaching an age where
I won't find a buyer?
From "Twenty Questions"

Twenty or even ten years ago, perhaps, Viorst would have transformed her middle-of-the-night anxieties about the loss of youth — or any other loss — into a four-stanza poem. But "being a middle-aged woman greatly focuses the mind," she said, and now, having studied as a layman for six years at the Washington Psychoanalytic Institute and having undergone analysis for four and a half years, she has put the loss of youth in an intellectual, psychoanalytical framework.

Her new 447-page study (including 83 pages of "Notes and Elaborations," a 17-page bibliography and an index) has a title twice as long as that of the slim, unpaginated "Alexander & the Terrible, Horrible, No Good, Very Bad Day," her most popular children's book.

It is called "Necessary Losses: the Loves, Illusions, Dependencies and Impossible Expectations That All of Us have to Give Up in Order to Grow." It has been on U. S best-seller lists for weeks.

It is, in her words, "an examination of human development, of growth and gain and hope and change," filtered through "a concept of what we give up, what we leave behind, what we lose."

Viorst casts a wide Freudian net in her examination of loss. At every turn, she finds that loss accompanies human development. To separate, for example, from one's mother and forge one's own identity, or to trade in dreams of perfect connections for the reality of imperfect relationships, is to lose.

"I am not standing on some mountain issuing information," she said. "I've been all these places. I'm struggling down this road, and I would like to think of myself as sort of walking with the reader." Her three sons have grown up, her younger sister Lois died recently of cancer, her mother is gone, and she tells her readers about her "last ditch effort to defeat my middle-aged spread."

It is not, Viorst said, a book she could have written 20 years ago. "I knew what I knew," she explained, "out of my own experience, looking into myself, my children, talking with my friends, eavesdropping — I'm a world-class eavesdropper." She settled into a soft, low chair in her living room and pulled her knees up to her chest, then let them down and crossed her legs, curling her body into one comfortable position after another. In her conversation and her writing — eight children's books, eight volumes of poetry and humor, nine "Necessary Losses" columns a year in Redbook magazine — the details of her life, from calcium deficiencies to varicose veins, from marriage to motherhood, are freely and wittily given.

The questions Viorst tackles are Everywoman's questions: How do we grow? What's going on with

John McDonnell/The Washington Post
Author Viorst: "Walking with the reader."

our relationships? How are our children doing? What is it like to get older? What is the nature of our work, friendship, family balance? A whole host of questions that are her questions, my questions, Jackie Kennedy's questions, your questions.

"One of my favorite letters was from a woman who said, 'I am a short, plump blonde, Presbyterian farm woman in Iowa. I think you are a tall, skinny, dark-haired, Jewish person from the East Coast, in the city. We live the same lives.'

Viorst always wanted to write — even as a young child in New Jersey she wanted to get published "so badly," she said. "I not only *wanted* to write when I was 7 and 8, but I sent stuff *out* when I was 7 and 8. I sent it out and I couldn't believe that they would turn down my poems about faithful dogs."

In Washington in the early 1960s, her job as an editor at Science Service provided Viorst with her first writing assignment. She came home from work one day and said to her husband, Milton, who is a political writer, " 'They want me to write a book on space. I don't know where space is.' Milton said, 'You say yes. We'll figure out where space is.' "

Writing about the NASA space program for a teen-age audience was not what Viorst had in mind when she longed to be published. But now, she sees a poetic irony in it: "My first published writings were trying to take scientific concepts and make them clear for a general audience. And in an odd way, I've come back to that" — distilling her wisdom, Freud and theories of human development, anecdotes told to her by friends, family and others, into accessible "Necessary Losses."

From 1952 to 1960, Viorst had a try at reality and rebellion. She arrived in Greenwich Village still wanting to be published and thinking, she said, "that I was going to be this great prize package, that everybody would snap me up." But what Viorst found was "the entire waiting room of Time-Life filled with people like me who looked twice as smart. It was quite clear that I was nothing special as soon as I got out of New Jersey."

Instead of which
I am sharpening number 2 pencils,
And buying the coffee and danish
At 10:45,
And taking my boss's dictation,
And my boss's wife's blouse back to Henri Bendel,
Hoping that someday someone will be impressed
With all that I know.
From "The Village Square"

One of the benefits of psychoanalysis, Viorst said, was appreciation of ambivalence. When a question is asked and the answers are A, B. C or D, often the answer is "all of the above," she said. "There is a tendency and a preference for us to say A or B. But to understand that life is much more complicated than that . . . has been a great [benefit] to me of psychoanalytical studies."

Ask Viorst about romance and marriage — the ones with, respectively, a capital R and a capital M, the ones born of naivete — and she's likely to bring up things like "sheltered backgrounds" and "Madame Bovary." But in 1972, after 12 years of marriage and three children, Viorst put the differences between marital reality and romantic illusion this way:

The marriage that I write in this book has nothing much to do with the lush romantic visions of my youth. There are squirt guns, not fresh flowers on my table. There are screams of "I'll tell Mom!" not strains of Bach. There is Diet Rite, not Beaujolais, at dinner. And the answer to "What's new?" is "The toilet seat broke."

Fourteen years ago Viorst read the manuscript of "Alexander & the Terrible, Horrible . . ." to her son of the same name, her youngest one. The child's famous day began grimly:

I went to sleep with gum in my mouth and now there's gum in my hair and when I got out of bed this morning I tripped on the skateboard and by mistake I dropped my sweater in the sink while the water was running and I could tell it was going to be a terrible, horrible, no good, very bad day.

The real Alexander, who's also Alexander of "Alexander Who Used to Be Rich Last Sunday," complained in response, referring to his brothers: "How come Tony and Nick don't have bad days? Why do I always have to have these awful things happen?" Viorst responded, "Look, sweetheart, I'll change it to 'Stanley and the Terrible, Horrible . . .' Of course, you won't have your name in great big letters on the front."

"Call it 'Alexander,' " he replied.

Thirty plus 10 is 40 — that's how the decade-counting Viorst got to be 40. And with the extra decade came a breezy bit of reconciliation.

I am facing the fact that
I'll never compose Bach cantatas,
Design Saint Laurents,
Advise presidents, head U. S. Steel,
Resolve the Mideast,
Be the hostess of some major talk show,
Or cure the cold.

Then, from "Love & Guilt" and the late 1970s, came a humorous assemblage of commentary and adage and a neurotic relationship with happiness:

Who needs it? Show me a happy person and I'll show you a very worried human being who is always asking, What did I ever do to deserve such happiness? And, What and how much am I going to have to pay for it? And, When will it be discovered that this happiness was not meant for me but for the lady next door?

LANGUAGE

A Not Uncertain Term

By William Safire

WASHINGTON — In "The Patient Has the Floor," the new book of essays by Alistair Cooke, this one-man English-Speaking Union bravely draws a conclusion: "When all is said and done . . . much British writing about America, and American cogitations on the nature of England, spring still from the deep desire not to be unduly impressed by each other."

One of the ways that too many English academics try unduly to impress Americans, and each other, is by the use of *litotes*. This Greek-rooted word once meant "negation of the contrary" but has come to mean "overweening understatement."

Good writers have used litotes to get across a shade of meaning — *not unkindly* and *not incorrect* do not mean kindly and correct — but most often it is used to strain for stylistic effect, as Jane Austen did in "Pride and Prejudice" with *not unseldom*. Remember George Orwell's prescription — "One can cure oneself of the not unformation by memorizing this sentence: A not unblack dog was chasing a not unsmall rabbit across a not ungreen field."

The most straightforward use of litotes I can think of is in the title of a book by Mark and Diane Kender Dittrick, "No Uncertain Terms"; it plays on the worn-out phrase with a twist on "terms."

Tautology is similar to litotes in its unnecessary use of repetition, although the litotist is consciously being coy and the tautologist doesn't know what he is doing. Cooke has just won the Squad Squad's Yet-Again Another Redundancy Award for spotting this rare quadruple-tautology specimen from Larry Speakes, the White House spokesman: "The president is watching *the current situation, which is ongoing at this moment.*"

WHAT started me on this item, however, is the expression *when all is said and done*. Have you noticed the way it is being replaced by a vogue term, *at the end of the day*? We are not talking about dusk, but the conclusion of a metaphoric day. George Washington first used the figurative phrase *too late in the day* in a 1797 letter, but a Latin Ameri-

can newsletter pioneered the ... rent usage in the 1970s, write ... "foreign investors, who are ... much interested in seeing ... money back at the end of the d... in acquiring permanently an a...

The Economist magazine p... up this usage in 1976: "*At the ... the day*, people may still be he... er in King's Lynn than in L... pool." The new use has been p... up by geopoliticians, and Zbig... Brzezinski and Edward Lu... sprinkle their conversations w...

MOST studies of college ... pus slang, including the excu... into the world of *horror show*... *power boots* in this space, foc... the argot of students. We ... what a *ding* is — a rejection (... more ding and I'll never ca... again") — because we have ... long hours *tooling*, or studyin... patois of undergraduates.

Little work has been done, ... ever, in the field of faculty ... Several professors have writ... ask for the definition of *qua*...

At first, the answer seemed ... ous: a shortening of *quantum* ... which most people think me... huge leap. Physicists gr... about this, holding that the p... means the sudden emission ... sorption of an atom's energy, ... ing from quantum theory, ... argues that energy is trans... jerkily and only in multiples ... divisible units called quanta. ... constructionists would say t... quantum is very small, he... quantum jump is no big deal ... are fighting the problem. ... meaning is not what the Big ... think, it is what all the Little ... think, and a quantum jump i... a brook too broad for leapin...

On-site inspection offers ... prise: although a *quant* comes ... the clipped *quantum jum*... meaning is taken from the s... word. A *quant* is a *rocket sci*... No, a rocket scientist in ... slang is not a scientist who ... on rockets. "A rocket scient... am informed by Ray Healey ... Forbes magazine, "is an aca... superstar, especially in math... physical sciences, who is ... away from the hallowed ha... work on Wall Street."

Thus, *quants*, or *rocket scie*... are great brains drained off c... by the business world.

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